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MODERN BOOK-KEEPING

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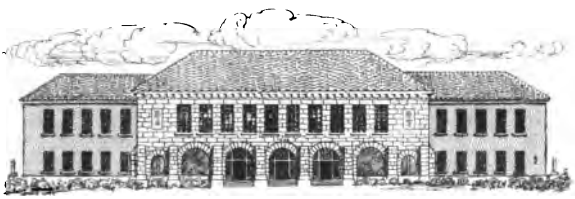

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MODERN BOOK-KEEPING

SINGLE AND DOUBLE ENTRY

BY
J. C. MONTGOMERY
INSTRUCTOR IN BOOK-KEEPING IN THE COLUMBIA GRAMMAR SCHOOL, NEW YORK

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PREFACE

BOOK-KEEPING is not an intricate subject when divested of the elaborate and useless theories with which it is so often encumbered. In order to demonstrate this fact, and at the same time to produce a manual especially adapted to class instruction, this work has been written.

Throughout, three things have been constantly kept in view: first, the relative importance of the topics; second, the pupil with his lack of experimental knowledge in business affairs; and third, the limited portion of time the teacher has to devote to the subject.

From the experience of many years in teaching the subject to large classes, from knowledge acquired by actual practice in keeping accounts, and from what has been learned by an examination of the methods employed in some of the largest houses in New York City, the author has endeavored to prepare not a mere theory of Book-keeping, but a practical work which will give prominence to essential forms, actual business customs, and the fundamental principles of debit and credit which underlie the diverse methods of keeping accounts at the present time.

Beginning with single entry, at a point within the comprehension of a schoolboy, the subject has been logically developed by arranging the topics in a natural and progressive order, each topic being designed to accomplish a definite and practical end. The experienced teacher knows, and the inexperienced one will sooner or later learn, that to accomplish any definite result with a class in the short period of

thirty minutes, attention must be concentrated on a single topic, or on a very limited portion of the subject.

The short, easy, single-topic lesson, the clear, crisp definition, and the full explanation and illustration accompanying each example, not only simplify the subject for the pupil, but lighten the burden for the teacher. By the use of a Key provided for him he will find the drudgery of teaching Bookkeeping reduced to a minimum, and he will thus be free to devote his attention to that part of the work in which he can accomplish the best results for his class.

Plan of the Book. — In preparing this work a great variety of forms of books have been purposely avoided, and only those essential to the illustration of general principles have been introduced.

By the Table of Contents it will be seen that Part I deals with Single Entry, Part II with Double Entry, and that the Appendix contains additional examples for advanced work, and some special column forms of books of original entry.

In Single Entry the cash account, the simplest of all accounts, is the first to be considered, and with the Illustration, Explanation, Definitions, and ample material for practice, it fairly exhibits the method pursued in treating the subject by topics.

Personal Accounts have been treated separately at first, and afterwards in conjunction with the cash account, thus affording a review of the preceding topic.

Business Forms, such as bills, orders, notes, drafts, and checks, have been fully elucidated. This part of the work is replete with information of the most practical kind.

Following the illustrations of the day-book and ledger are a number of Short Sets for practice, embodying such transactions as occur every day in small retail houses.

Example A is designed to show the manner in which a book of original entry may be subdivided, and while not difficult to understand, it is the most elaborate example

given in Single Entry. The remainder of Single Entry is taken up with a variety of Examples for practice and additional Business Forms.

In Double Entry, the theory of equal debits and credits has been simplified by the immediate use of ledger accounts, without reference in any way to the journal. The exercises in journalizing have been carefully graded, and that the learner may readily determine the proper debit and credit in each case, a few general principles have been explained, and not a great number of rules given to be memorized.

The day-book, journal, ledger, trial balance, and statement are the general topics for Double Entry, and their relation to each other is shown in Example I, a Complete Theoretical set.

The Five-Column Journal is presented as a practical book of original entry, showing some of the short methods employed in actual business, and illustrating the advantages of the special column, or Columnar system, so much in vogue at the present time.

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COMMERCIAL ABBREVIATIONS

A 1. . . . . First class.
Acct. . . . . Account.
Agt. . . . . Agent.
Amt. . . . . Amount.
Ans. . . . . Answer.
Apr. . . . . April.
Aug. . . . . August.

Bal. . . . . Balance.
B. B. . . . . Bill-Book.
Bbl. or brl. . Barrel.
Bgs. . . . . Bags.
Bk. . . . . Bank: Book.
Blk. . . . . Black.
Bls. . . . . Bales.
B. O. . . . . Buyer's Option.
Bot. . . . . Bought.
Brot. . . . . Brought.
Bu. . . . . Bushel.
Bxs. . . . . Boxes.

Cap. . . . . Capital.
C. B. . . . . Cash-Book.
Certs. . . . . Certificates.
Ck. . . . . Check.
Co. . . . . Company.
C. O. D. . . . Collect on Delivery.
Com. . . . . Commission.
Const. . . . . Consignment.
Cr. . . . . Credit: Creditor.
C. S. B. . . . Commission Sales-Book.
Cts. . . . . Cents.

D. B. . . . . Day-Book.
Dec. . . . . December.
Dep. . . . . Deposit.
Dft. . . . . Draft.
Disc. . . . . Discount.
do. (ditto) . . The same.
Dr. . . . . Debtor.
Ds. . . . . Days.

Ea. . . . . Each.
E. E. . . . . Errors excepted.
E. & O. E. . . Errors and omissions excepted.
Ent. . . . . Entry.
Ex. . . . . Example.
Exch. . . . . Exchange.
Exp. . . . . Expense.
Ext. . . . . Extended.

Fav. . . . . Favor.
Feb. . . . . February.
Figd. . . . . Figured.
F. O. B. . . . Free on board.
Fol. . . . . Folio.
Ford. . . . . Forward.
Frt. . . . . Freight.
Ft. . . . . Feet.

Gal. . . . . Gallon.
Gro. . . . . Gross.

Hf. . . . . Half.
Hhd. . . . . Hogshead.

I. B. . . . . Invoice-Book.
Ins. . . . . Insurance.

Inst. . . . . Instant: the present month.
Int. . . . . Interest.
Inv. . . . . Invoice.
Invy. . . . . Inventory.
I. O. U. . . . I owe you.

Jan. . . . . January.
J. . . . . Journal.
J. P. . . . . Journal Page.

Lbs. . . . . Pounds.
Led. . . . . Ledger.
L. P. . . . . Ledger Page.
L. & G. . . . Loss and Gain.

Mar. . . . . March.
Mdse. . . . . Merchandise.
Mem. . . . . Memorandum.
Mo. . . . . Month.

No. . . . . Number.
Nov. . . . . November.

Oct. . . . . October.
O. K. . . . . Correct.
Oz. . . . . Ounces.

P. . . . . Page.
Pp. . . . . Pages.
Payt. . . . . Payment.
P. C. B. . . . Petty Cash-Book.
Pcs. . . . . Pieces.

Pd. . . . . Paid.
Per. . . . . By.
Pkg. . . . . Package.
Pr. . . . . Pair.
Pref. . . . . Preferred.
Prem. . . . . Premium.

Qr. . . . . Quarter.

Recd. . . . . Received.
Rect. . . . . Receipt.
R. R. . . . . Railroad.

S. B. . . . . Sales-Book.
Sept. . . . . September.
Sh. . . . . Share.
Shipt. . . . . Shipment.
Str. . . . . Steamer.
Stor. . . . . Storage.
Sund. . . . . Sundries.

Treas. . . . . Treasurer.

ult. (ultimo) Last month.
U. S. . . . . United States.

via . . . . . By way of.
viz. . . . . To wit: namely.
vs. . . . . Versus: against.

Yd. . . . . Yard.
Yr. . . . . Year.

SIGNS

@ . . . at.
℀ . . . account.
¢ . . . . cents.
℅ . . . care of.
$ . . . . dollars.
£ . . . . pound sterling.

. . . . number.
✓ . . . check, correct.
× . . . . incorrect.
1′ . . . . one and one-fourth.
1² . . . . one and one-half.
1³ . . . . one and three-fourths.

% . . . . per cent.

PART I

SINGLE ENTRY

BOOK-KEEPING

The student in beginning the study of Book-keeping naturally inquires, What is Book-keeping? What is its purpose, and is the subject difficult or complicated? An answer to these questions may give the beginner a general idea of the nature of the work before him.

Briefly, it may be said, that Book-keeping is merely keeping a systematic record of one's business transactions. Its main purpose is subserved when it reveals to the proprietor a knowledge of the value of his resources, of what they consist, and who the parties are who owe him; also his liabilities or the amount of his debts, and his gains or losses during a given time.

While it is true that every business man may not be able himself to conduct a set of books according to the modern and most scientific principles, it is also true that in many instances success is achieved only by the judicious use of that knowledge which may be acquired exclusively from a set of books properly kept. On the other hand, the lack of this knowledge has been the cause of business failure in more cases than one.

Book-keeping is not in itself a difficult study, although it may become so to one who begins in the wrong way. By following the carefully graded lessons in this book, any one with reasonable application may, in a short time, find himself in possession of a practical knowledge of both Double and Single entry Book-keeping.

Debtor and Creditor

The words **Debtor** and **Creditor** are used so frequently in the study of Book-keeping that some explanation of these terms is necessary at the very outset. In single as well as double entry there are two classes of accounts, which may be distinguished as Personal and Impersonal. A **Personal account** is an account with a person or firm, such as John Smith, or Adams & Co. An **Impersonal account** is an account with Cash, Merchandise, or property of any kind.

In every account, Debtor, or *Dr.*, signifies the left-hand side, and Creditor, or *Cr.*, the right-hand side of the account; but when applied particularly to a personal account, Debtor means one who is in debt, or who owes us, and Creditor means one from whom we have received something of value, or one whom we owe. As applied to an impersonal account, Cash for example, Debtor signifies merely the left-hand side of the account, and Creditor the right-hand side.

With this brief explanation of *Dr.* and *Cr.* let us now turn to pages 18 and 19, where we shall find the terms applied to a cash account.

THE CASH ACCOUNT

A careful examination of the following account may, more readily than words, convey to your mind its purpose and the method of keeping it. At least you will learn, if you are a close observer, that the account has two sides, one for money received, and one for money paid out; that each side is conveniently divided into columns, the first and second being used for the date, month and day, the third for an explanation, and the fourth and fifth for the amount.

You will also observe that the total amount, or **footing**, on the left-hand page shows the whole amount of Cash received, and that the first footing on the right-hand page shows the amount paid out, while the figures in red ink show the difference between the two sides, or the amount of Cash on hand at the end of the week.

The transactions thus recorded are those of Henry Wilson, who recently graduated from the High School, and has taken a position in his father's office with the understanding that he is to receive $7 per week for his services until he proves they are worth more, that he is to pay $3 per week for board, and is to keep an account of his receipts and expenditures for each week.

Although it may be said that this is merely a boy's cash account, nevertheless, it is true that a merchant's cash account is kept on precisely the same principle, and that this form, with slight modifications, may be adapted to the largest business.

CASH

Cash **(Received)** ***Dr.***

Date		Explanation	Items		Totals	
1897						
Sept.	1	Amount on hand,	8	65		
"	3	Received for Tennis Racket,	1	50		
"	5	" " work,	1	00		
"	6	" " one week's salary,	7	00	18	15
					18	15
Sept.	6	Balance on hand from last week,	7	60		

Transactions from which the above cash account has been made.

Sept. 1. Henry Wilson had Cash on hand $ 8.65.

Explanation. In opening a cash account the money on hand at beginning is entered on the debtor (*Dr.*) or left-hand side. All money afterward received is also entered on the *Dr.* side.

Sept. 2. Bought an umbrella for $ 2.25.

Explanation. When money is paid out, the amount is entered on the creditor (*Cr.*) or right-hand side.

Sept. 3. Paid for Necktie, 50 c. (*Cr.* side.)
" 3. Received from sale of Tennis Racket, $ 1.50. (*Dr.* side.)
" 4. Bought a Bicycle Lamp for $ 2.75. (*Cr.* side.)
" 4. Paid Car Fare, 20 c.
" 5. Received for overtime work, $ 1.00.
" 5. Bought a pair of Sleeve Buttons, $ 1.35.
" 6. Paid for Concert Ticket, 50 c.

ACCOUNT

Cash **(Paid)** ***Cr.***

DATE	EXPLANATION	ITEMS	TOTALS
1897			
Sept. 2	*Paid for Umbrella,*	*2 25*	
" 3	" " *Neektie,*	*50*	
" 4	" " *Bicycle Lamp,*	*2 75*	
" 4	" " *Car Fare,*	*20*	
" 5	" " *Sleeve Buttons,*	*1 35*	
" 6	" " *Concert Ticket,*	*50*	
" 6	" " *Board for one week,*	*3 00*	*10 55*
" 6	*Balance (on hand),*		*7 60*
			18 15

Sept. 6. Received salary for one week, $ 7.00.
" 6. Paid board for one week, $ 3.00.

Required the amount of Cash on hand on Saturday, Sept. 6.

Explanation. The amount on hand at beginning, plus the amount received during the week, making a total of $18.15, is extended into the total column of the debit side. The total amount paid out, $10.55, is extended to the total column on the credit side. The amount written in red ink, or the "Balance" on hand, is the difference between the two sides, and is entered for the purpose of closing the account. This same amount, $7.60, being the Cash on hand at the end of the week, is afterwards brought down on the debit side in black ink in order to begin the account for the following week.

In ruling, the single line under the money column indicates that an addition is to be made, the double line that the account has been closed. Observe that the double lines on both sides of the account are on a level, and should be drawn before lifting the ruler.

Definitions

Book-keeping is the recording of business transactions in a systematic manner. Its purpose is to show the condition of one's financial affairs.

An Account is a record of business transactions, and consists of a title, or heading, under which the debits and credits are properly separated.

Debits are entries made on the debit or left-hand side of the account. *Dr.*, an abbreviation of debtor, indicates the debit side.

Credits are entries made on the credit or right-hand side. *Cr.*, an abbreviation for creditor, indicates the credit side.

Balance denotes the difference between the two sides of an account. Balancing an account is making an entry that will equalize the two sides.

A Cash Account is kept to show the *money* received, the *money* paid out, and the amount on hand. When the account is accurately kept, the "Balance" will correspond with the actual amount of money on hand.

Rule for Keeping the Cash Account

Enter on the debit side all money on hand at beginning, and all afterward received. Enter on the credit side all money paid out.

To Balance and Close the Cash Account

1st. *Ascertain the difference between the sum of the debits and the sum of the credits.*

2d. *Enter this difference, in red ink, on the credit side with the word "Balance."*

3d. *Draw a single line under the total money column on each side without moving the ruler.*

4th. *Under the single line, on each side, enter the total amount, or footing, and draw double lines underneath.*

To begin a new account, bring the balance down on the debit side.

Remark. Usually the cash account is balanced daily in business houses.

The purpose of closing or ending the current condition of the cash account, or any other account, is to show a result, and exclude from further consideration all entries except the balance.

Suggestion. Read the definitions and rules carefully, but do not attempt to memorize them until you understand the subject.

Review

1. What is Book-keeping? 2. What is an Account? 3. What does it include? 4. What are Debits? 5. What are Credits? 6. What is meant by the word "Balance"? 7. What is the purpose of keeping a cash account? 8. Repeat the rule for keeping the cash account. 9. How is the account closed? 10. Why is the balance afterward brought down to the debit side? 11. Can the credit side ever be larger than the debit side? 12. What is the purpose of closing the account?

To the Teacher. When it appears that the pupil understands the general purpose of a cash account, he should be directed to copy the account as found on pages 18 and 19, omitting the words in the sub-heading such as "Date" "Explanation," etc. See that his writing is neat, his figures plain, and all ruled lines properly drawn.

Exercises in Cash Accounts

1

Frank is attending a private school in New York City, preparatory to entering college. His father, living in Norfolk, Va., desires a statement of his expenses at the end of each month. Frank's cash account for the first two weeks is made from the transactions given below.

Directions. Open the cash account in your blank cash-book by writing in large letters the word "Cash" at the top of each page, and mark the money column on the left *Dr.*, on the right *Cr.*

Write a plain, neat hand, paying special attention to the figures.

Use a separate piece of paper when making additions, subtractions, etc.

Practise ruling on slips of paper till you can draw straight parallel lines like those printed in the book.

Suggestion. In making a cash-book for this exercise, put yourself in Frank's place, and imagine that the cash transactions are your own. If in all following exercises you consider yourself the proprietor, the transactions will often be more easily understood.

Monday, Oct. 15. Cash on hand, $180 (*Dr.* side). 16. Paid tuition for ½ term, $150 (*Cr.* side). 17. Paid for books and stationery, per bill, $6.75. 18. Sold my bicycle for $55. 19. Paid for week's lunches, $1.50. 19. Paid car fare, 50c. 19. Paid for one week's board, $7.50. 20. Bought necktie, 90c. 20. Paid for gloves, $1.25. 20. Paid for car fare and ticket to base-ball game, $1.10.

Direction. Enter the Balance on hand; close the account and open a new account for the following week.

Monday, Oct. 22. Amount on hand ——? 23. Paid for Latin Lexicon, $3.25. 24. Received from home, $30. 24. Bought a new bicycle, $75. 25. Paid for postage and stationery, 45c. 26. Loaned Henry Douglas $1.50. 26. Paid for week's lunches, $1.50. 27. Paid one week's board, $7.50. 27. Bought scarf-pin, $1.25. 27. Paid car fare, 20c.

Balance on hand ——?

2

Cash Transactions of Wm. Baldwin, a Farmer

Jan. 2. Cash on hand, $55.65.
" 5. Bought 6 Sheep of Henry Brown @ $4, $24.
" 7. Bought 1 Plowshare, $1.65.
" 10. Sold 20 lbs. Butter @ 23c., $4.60.
" 14. Bought 1 Saddle for $12.50.
" 17. Sold 3 bbls. Apples @ $3.25, $9.75.

Jan. 21. Paid for Horse-shoeing, $1.60.
" 24. Paid County Taxes, $18.30.
" 25. Bought 2 lbs. Y. H. Tea @ 75c., $1.50.
" 27. Sold Joseph Scott 1 Alderney Cow, $65.
" 30. Sold 20 lbs. Honey @ 18c., $3.60.

Balance on hand ——?

3

Feb. 1. The proprietor, Geo. Davis, began business with Cash on hand, $3670.75.
" 2. Paid Store rent for February, $150.
" 4. Paid Cash for goods bought of Thos. Butler, $1400.
" 5. Sold goods to Geo. C. Brady for Cash, $800.
" 7. Paid Mrs. Flynn Cash for cleaning store, $3.50.
" 8. Received Cash from C. R. Brown, $250.
" 9. Received Cash from petty sales of goods, $35.50.
" 11. Sold goods to A. C. Brooks for Cash, $365.
" 13. Paid for Show Case and Counters, $128.
" 15. H. G. Coleman has paid us Cash in settlement of his account, $125.
" 18. Received Cash from petty sales, $16.25.
" 20. Paid Henry Clifford Cash in settlement of account, $137.50.

Balance on hand $3443.50. *Ans.*

4

March 1. Geo. Davis has Cash on hand from last month, $3443.50.
" 2. Bought goods from Henry Allen for Cash, $1700.
" 4. Paid for Coal for use in store, $20.50.
" 6. Sold goods to James Campbell for Cash, $1050.
" 7. Paid for stationery, $14.25.
" 9. Sold goods for Cash, $67.50.
" 11. Received Cash from Edwin Blake in part payment of a debt, $395.
" 12. Received Cash from petty sales of goods, $76.45.
" 14. Paid for repairs on store, $27.50.
" 16. Sold to Albert Bailey for Cash, goods valued at $980.

March 18. Walter F. Baker, paid us 6 mos. interest on his note, $ 24.

" 20. Paid clerk hire, $ 150.

" 23. The proprietor, Geo. Davis, has drawn Cash for private use, $ 180.

" 25. Received of Edwin Blake Cash in full of amount due, $ 105.

" 27. Received Cash from petty sales of goods, $ 32.85.

" 28. Paid for insurance on goods, $ 18.50.

" 30. Received Cash from petty sales of goods, $ 106.20.

Balance on hand ——?

Suggestion. As the ability to add accurately and rapidly is acquired only by practice, it is suggested that the pupil have frequent exercises in the addition of long columns of figures.

Errors in addition may be often avoided by writing the figures carefully and arranging them in vertical columns.

PERSONAL ACCOUNTS

While the cash account is very convenient as a record of receipts and expenditures of money, it is evident that it affords no information as to what other people owe us, or we owe other people. Accounts which show these facts are called Personal Accounts, and are easily distinguished from what may be called Impersonal Accounts, such as cash account or any property account.

Debtor, as applied to personal accounts, means one who owes us, having received something of value from us, while creditor means a person whom we owe, or one from whom we have received something of value, therefore when a person buys goods from us without paying for them, being then in our debt, an entry is made on the debit side of his account. Afterward, when he pays for them, an entry is made on the opposite or credit side.

A sale to one who does not pay at once is said to be **on account,** which means that it is charged to him or to his account.

In accordance with the above principles the following transactions have been entered below under Walter Mason's account.

Transactions

Nov. 1. Sold to Walter Mason, on account, 36 cans Peaches @ 25c., $ 9.00.

" 4. Sold to Walter Mason, on account, 1 bbl. Potatoes, $ 2.20.

" 6. Received of Walter Mason Cash to apply on his account, $ 5.00.

Dr. ***Walter Mason*** ***Cr.***

Nov.	1	To 36 cans Peaches @ 25c.		9	00	Nov.	6	By Cash on acct.	5	00
"	4	To 1 bbl. Potatoes		2	20					

Explanation. An entry of $9.00 is made on the debit side of Walter Mason's account on Nov. 1 because he received goods from us without paying for them. For the same reason his account is debited on the 4th for $2.20.

Whenever a person receives anything of value from us without paying for it, an entry should be made on the debit side of his account.

On Nov. 6 an entry is made on the credit side of Mason's account, because he has paid us $5.00.

Whenever we receive anything of value from a person on account, his account should be credited.

Walter Mason has received from us goods to the total value of $11.20; we have received from him a total of $5.00; therefore he owes us the difference, or $6.20.

Definitions

Personal Accounts include not only accounts with individuals, such as Geo. Adams or Smith & Co., but all accounts

with banks, railroads, companies, and corporations of every kind.

The purpose of keeping personal accounts is to show what other persons owe us, and what we owe other persons.

On account (on %) signifies that some person's account should be debited or credited.

When a person buys goods for Cash, his account is not debited; but when he buys without paying, the transaction is said to be on %, which means that his account is to be debited.

In full of % means that a debt or obligation has been fully paid.

Merchandise (Mdse.) is a term applied to every description of goods or wares which are bought or sold for profit.

Rule for Keeping a Personal Account

A person's account is debited when he owes us, or receives anything of value from us, on %; and credited when we owe him, or receive anything of value from him, on %.

From the above rule it follows that when the debit side of a person's account is the larger, he owes us; but when the credit side is the larger, we owe him.

The triple line drawn perpendicularly through the middle of the page separates the debit from the credit side.

Transactions

The following transactions are entered on the opposite page to illustrate the method of keeping personal accounts.

Jan. 2. Sold to Geo. Adams on %, 40 bbls. Flour @ $6 per bbl., $240.

Explanation. Tracing the transaction to Geo. Adams' account on the opposite page, it will be seen that he has been debited for $240, because he has received value (Flour) from us on %. See Rule.

Jan. 3. Sold to Henry Smith on %, Merchandise valued at $500.

Explanation. Henry Smith's account is debited for $500, because he has received value (Mdse.) from us to that amount.

Jan. 4. Bought of Barnes & Hilton on %, Merchandise amounting to $850.

Explanation. Barnes & Hilton's account is credited, because we received value (Mdse.) from them on %.

Jan. 5. Received of Geo. Adams Cash to apply on his account, $100.

Explanation. Geo. Adams' account is credited, as we received value from him on %.

Jan. 6. Paid Barnes & Hilton Cash on %, $650.

Explanation. Barnes & Hilton's account is debited, as they received value from us.

Jan. 7. Henry Smith has given us his note @ 30 days to apply on his account, $350.

Explanation. Henry Smith's account is credited for the value of the note.

Jan. 9. Sold Merchandise to Geo. Adams, on %, $160.

Explanation. Debit Geo. Adams' account.

Dr. ***Geo. Adams*** ***Cr.***

Date		Explanation	Amount		Date		Explanation	Amount	
Jan.	2	Flour 40 bbls. at $6	240	00	Jan.	5	Cash	100	00
"	9	Merchandise	160	00					

Dr. ***Henry Smith*** ***Cr.***

Jan.	3	Merchandise	500	00	Jan.	7	Note at 30 days	350	00

Dr. **Barnes & Hilton** ***Cr.***

Date		Explanation		Amount		Date		Explanation		Amount	
Jan.	6	Cash		650	00	Jan.	4	Merchandise		850	00

Explanation. The total debit of Adams' account, $400, shows what he has received from us. Subtracting the credit, $100, the value received from him, gives a balance of $300, which he still owes us. In like manner we find that Henry Smith owes us $150.

The credit of $850 in Barnes & Hilton's account shows the value received from them. Subtracting the debit, $650, the value they have received from us, gives $200, the amount we still owe them.

Review

1. What do personal accounts include? 2. What is the purpose of keeping a personal account? 3. What does the expression "on account" (on %) mean? 4. What is meant by "in full of %"? 5. What is understood by the word "Merchandise" (Mdse.)? 6. Repeat the rule for debiting and crediting a person's account. 7. When the debit side of a person's account is the larger, do we owe him, or does he owe us? 8. In the form of personal accounts above, how are the two sides separated, and what abbreviations are used to distinguish them?

Exercises in Personal Accounts

Direction. Use the blank ledger for the Exercises in personal accounts. Write the titles or headings in a large hand on the middle of the line. Also, write *Dr.* on the left and *Cr.* on the right. Allow five lines for each account.

Suggestion. As the plan in this book is to learn but one thing at a time and learn that well, it is suggested that in this Exercise, also in Exercise 2, you omit the cash account, and concern yourself solely with the personal accounts.

1

April 1. Sold Merchandise to Henry Bishop on %, $ 500.
" 2. Sold Merchandise to Robert Clinton on %, $ 350.

April 4. Bought Merchandise of Clark & Howard on %, $ 1220.
" 5. Henry Bishop paid us Cash to apply on his account, $ 250.
" 7. Sold Merchandise to Samuel Chapman on %, $ 780.
" 8. Received of Robert Clinton Cash on %, $ 150.
" 9. Paid Clark & Howard Cash on %, $ 600.
" 12. Sold Merchandise to Henry Bishop on %, $ 300.
" 14. Received from Samuel Chapman Cash to balance his account, $ 780.
" 15. Paid Clark & Howard Cash on %, $ 200.

The above transactions, properly recorded, give the following

Results

Henry Bishop's total debit,	$ 800.	Total credit,	$ 250.
Robert Clinton's total debit,	350.	Total credit,	150.
Clark & Howard's total debit,	800.	Total credit,	1220.
Samuel Chapman's total debit,	780.	Total credit,	780.

2

May 1. Bought Merchandise of S. F. Carpenter on %, $ 1400.
" 2. Sold Merchandise to August Cameron on %, $ 750.
" 3. Joseph Baird has rendered us services for which we have credited him, $ 15.75.
" 4. Sold Merchandise to Frank Baker on %, $ 490.
" 5. Geo. W. Lewis has borrowed from us $ 100, which we have charged to his account.
" 6. Gave S. F. Carpenter Cash on %, $ 1200.
" 8. Paid Joseph Baird Cash on %, $ 10.25.
" 9. August Cameron gave us Cash on %, $ 325.
" 10. Received of Geo. W. Lewis Cash on %, $ 100.
" 12. Bought Merchandise of S. F. Carpenter on %, $ 820.
" 14. Sold Merchandise to August Cameron on %, $ 475.
" 15. Sold Merchandise to Frank Baker on %, $ 210.
" 16. Paid Cash on S. F. Carpenter's order on us, $ 200. (Debit Carpenter.)
" 18. Gave to Joseph Baird, for the balance of his account, an order on August Cameron for $ 5.50. (Debit Baird. Credit Cameron.)

Results

S. F. Carpenter's debit,	$1400.00.	Credit,	$2220.00.
August Cameron's debit,	1225.00.	Credit,	330.50.
Joseph Baird's debit,	15.75.	Credit,	15.75.
Geo. W. Lewis' debit,	100.00.	Credit,	100.00.
Frank Baker's debit,	700.00.	——	——

Personal Accounts and Cash Accounts

3

Direction. The preceding Exercises, 1 and 2, were intended for personal accounts only, but in the following Exercises, 3 and 4, a cash account should be kept *also*. Keep the cash account in the cash-book, but the personal account in the ledger. Close the cash account at the end of each Exercise.

You should fully understand the transaction before attempting to make the entry. By asking the questions, To whom did I give value, and from whom did I receive value? you will be able to tell which person should be debited and which credited.

June 1. Began business with Cash on hand, $1200. (Enter in cash-book.)
" 2. Bought Merchandise of Denning & Spencer on %, $900. (Enter in Ledger.)
" 3. Sold Merchandise to R. H. Duncan on %, $700. (L.)
" 5. Paid rent for June, $200. (C. B.)
" 6. Bought Merchandise of Chas. Kirby on %, $1260. (L.)
" 7. Bought Merchandise of F. Jones for Cash, $850. (C. B.)
" 9. Sold Merchandise on % to the Franklin Publishing Co., $1500. (L.)
" 10. Sold Merchandise to James Cornell for Cash, $1000. (C. B.)
" 12. Received Cash for petty sales of Merchandise, $27.45.
" 13. Received Cash of R. H. Duncan on %, $250. (C. B. & L.)
" 15. Paid Denning & Spencer Cash on %, $400.

Explanation. *Denning & Spencer* should be debited in the ledger and *Cash* should be credited in the cash-book.

June 17. Gave Chas. Kirby Cash on %, $460. (L. & C. B.)

June 20. Received of Franklin Publishing Co. Cash on %, $ 750. (C. B. & L.)
" 22. Received of R. H. Duncan on %, $ 100. (C. B. & L.)
" 23. Sold Merchandise to L. Herman for Cash, $ 480.
" 24. Gave Denning & Spencer an order on R. H. Duncan for $ 200.

Required the amount of Cash on hand and the sum of the debits and credits of each personal account.

4

July 1. Began business with Cash on hand, $ 1797.45.
" 2. Paid insurance on goods, $ 58.
" 3. Bought Merchandise of Knox & Jones on %, $ 1800.
" 6. Sold Merchandise to Lewis Norman on %, $ 1000.
" 7. Sold Merchandise for Cash, $ 450.
" 8. Bought Merchandise of John Lockwood on %, $ 1485.
" 9. Paid Knox & Jones Cash on %, $ 500.
" 10. Sold Newark Novelty Co. on %, Merchandise, $ 750.
" 12. Sold Merchandise to S. Hubbard for Cash, $ 642.
" 13. Received of Lewis Norman Cash on %, $ 250.
" 14. Paid express charges and cartage, $ 13.75.
" 15. Received Cash for petty sales of Merchandise, $ 26.30.
" 17. Gave Knox & Jones on % an order on Lewis Norman for $ 450.
" 19. Sold Merchandise to Newark Novelty Co. on %, $ 830.
" 20. Paid John Lockwood Cash on %, $ 585.
" 21. Newark Novelty Co. gave us Cash to balance their account, $ 1580. (Debit Cash. Credit Newark Novelty Co.)
" 21. Deposited Cash in First National Bank, $ 2500. (Debit Bank. Credit Cash.)
" 23. Paid Knox & Jones by check on First National Bank, $ 600. (Debit Knox & Jones. Credit Bank.)

Closing Personal Accounts

Dr. *Denning & Spencer* *Cr.*

June	15	Cash		400	00	June	2	Merchandise		900	00
"	24	Order on R.H.D.		200	00						
"	24	Balance		300	00						
				900	00					900	00
						June	24	Balance		300	00

The method of closing an account, and the purpose of doing so, have been explained under the head of cash account, page 19.

Personal accounts are closed in the same manner as the cash account, excepting that in the Cash, the "Balance," if any, is always entered on the credit side, while in the personal account, to equalize the two sides, it may be necessary to place the "Balance" on either the debit or credit side.

A Personal Account may be Closed,—

1st. When for lack of space it becomes necessary to carry it forward, or to another page.

2d. When the two sides are equal and the purpose of the account has been accomplished.

3d. When at the end of the year, or, at the time of making a statement, it is desired that the ledger should show the net result of each person's account.

When to close the account is often a question of convenience for the book-keeper.

Direction. Turn to the last four personal accounts, and close each one, bringing the balance down on the proper side for a new account. If the method is not clearly understood, review the directions for closing the cash account, page 20.

Remark. The use of red ink, although often dispensed with in actual business, is of undoubted value to the pupil in learning and to the instructor in teaching the method and object of closing accounts.

THE PROPRIETOR'S ACCOUNT

The proprietor should keep an account not only with other persons, but also with himself, in which he should show the amount of his various investments, the sums he withdraws from the business, and his gain or loss at stated periods.

He may keep his account under the title of "Proprietor," "Stock," "Capital," or his own name.

When there are two or more proprietors, forming what is called a partnership, each partner should have a separate account.

Rule for Keeping the Proprietor's Account

The proprietor's account should be credited for his investment at beginning and for all investments afterwards made, but debited for the amount he owes at beginning and for all money or property withdrawn from the business.

Example

On Jan. 2, Henry Sheldon invested in business as follows: Cash, $2425; Merchandise, $3000. He owes B. F. Jones $780.

Dr. ***Henry Sheldon*** (Proprietor) ***Cr.***

Jan.	2	Due B. F. Jones	780	00	Jan.	2	Cash invested	2425	00
					"	2	Merchandise	3000	00

Explanation. The credit side represents the investment, and the debit side the amount he owes at beginning. The difference between the two sides is called his net capital at beginning. If he should make additional investments, the credit side should show the amount; but if he should withdraw money or property from the business, the amount should be entered on the debit side.

Exercises in Proprietor's Account

Directions. Open the account with "Proprietor" and make proper entries.

1

The proprietor begins business May 1 with Cash on hand, $4200. On July 3, he withdraws from the business Cash for private use, $300.

2

James Ogden has decided to keep his own account under the title of Proprietor. On Sept. 1, he invests Cash, $840; Merchandise, $1200; Store Fixtures, $475. He owes S. W. Miller on %, $245. At the end of the year his gain amounts to $482.50.

The method of closing the proprietor's account is illustrated in the example below:

Dr. ***Proprietor*** ***Cr.***

Sept.	1	Due S. W. Miller	245	00	Sept.	1	Cash invested	840	00
Dec.	31	Balance	2752	50	"	1	Merchandise	1200	00
					"	1	Store Fixtures	475	00
					Dec.	31	Gain	482	50
			2997	50				2997	50
					Dec.	31	Balance	2752	50

Directions. 1st. When the business has been prosperous, enter the net gain on the credit side; but when adverse, enter the net loss on the debit side.

2d. Find the difference between the two sides, or Balance, and close in the same manner as a personal account.

The proprietor's account may be closed at the end of the year, or whenever it is desired that it should show the net gain or net loss and the present net capital.

3

The proprietor began business Oct. 1, with Cash on hand, $5280; Merchandise valued at $3420. He owes Geo. Howard on %, $472. At the end of the year his net gain is $237.50.

Direction. Open the proprietor's account, make the proper entries and close the account as above.

4

The proprietor has decided to keep his account under the title of Stock. On Dec. 1, he invests Cash, $ 9250; Store Fixtures, $ 525. At the end of the year his loss is $ 150.

Review

1. What is the purpose of closing an account? 2. Are personal accounts closed in precisely the same way as cash accounts? 3. Mention one or more instances in which an account should be closed. 4. Why does the proprietor keep an account with himself? 5. Under what various titles may he keep an account with himself? 6. State the rule for keeping the proprietor's account. 7. In closing the proprietor's account, on which side is the net gain entered, and on which side the net loss? 8. When may the proprietor's account be closed?

STATEMENTS

Having learned to keep a cash account and a personal account, the pupil should now learn how to exhibit in some concise form the results of his Book-keeping. This is best done by what is called a Statement.

The Statement shows: 1st, the Resources; 2d, the Liabilities; 3d, the Net Capital; and 4th, the Net Gain, or Net Loss.

Definitions

Resources, or **Assets,** include property of every kind we may own, and all money due us. Cash, Merchandise, Real Estate, Stocks, Bonds, Notes on hand, and money due from others are resources.

Liabilities are our debts of every form. Balances due persons on account and unredeemed notes are liabilities.

Net Capital, or **Present Worth,** is the excess of the resources over the liabilities. When the liabilities exceed the resources, the difference is called the Net Insolvency.

Remark. The purpose of Book-keeping is to enable you to determine your resources and liabilities, also your gains and losses during a given time.

Exercises in Statements

1

From the following facts the statement found below has been deduced.

On July 1, George Howard began business with Cash on hand, $ 1550. At the end of the month he had on hand goods valued at $ 825, Cash on hand, $ 540. William Baker's account showed a total debit of $ 637, and a credit of $ 312. James Hamilton's account, debit, $ 495; credit, $ 150. F. C. Anderson's account, debit, $ 465; credit, $ 620. J. D. Hulbert's account, debit, $ 132; credit, $ 250.

Required the resources, liabilities, net capital, and gain at end of month.

Statement for Exercise 1

	Items		Totals	
Resources,				
Merchandise unsold,	825	00		
Cash on hand,	540	00		
Wm. Baker (owes us),	325	00		
James Hamilton (owes us),	345	00	2035	00
Liabilities,				
F. C. Anderson (we owe him),	155	00		
J. D. Hulbert (" "),	118	00	273	00
Net Capital or Present Worth,			1762	00
Net Capital at beginning,			1550	00
Net Gain,			212	00

Explanation. As everything which we may call our own is a resource, the unsold Merchandise, valued at $825, should be placed under the resources. The Cash on hand is also a resource. William Baker's account shows by the debit, $637, what he has received from us, while his credit, $312, shows what we have received from him; he therefore owes us the difference, or $325, which is also a resource. In the same manner we find that James Hamilton owes us $345. By adding, we obtain the total resources, $2035. Anderson's and Hulbert's accounts are liabilities, as the credit side in each case is the larger. Subtracting $273, the total liabilities from the total resources, $2035, gives the net capital $1762. Since the net capital at beginning was $1550, the difference, $212, must be the net gain.

Direction. Draw up a statement for each of the exercises below.

2

On Aug. 1, James Duncan began business with Cash on hand, $1725. At the end of the month his Merchandise unsold is valued at $580. Cash on hand, $735. Frank Harper's account, debit, $275; credit, $120. A. Jackson's account, debit, $865; credit, $220. R. G. Elder & Co., debit, $950; credit, $1125. Burton & Hall, debit, $638; credit, $550.

Ans. Net Gain, $303.

3

Walter Hammond began business, Sept. 1, with a net capital of $5420. On Dec. 31, his Cash on hand was $1250; Merchandise unsold, $3274. Morton & Co.'s account, debit, $1150; credit, $100. James Wilson's account, debit, $1825; credit, $900. W. H. Palmer, debit, $500; credit, $1400. James Ogden, debit, $350; credit, $980.

Ans. Net Loss, $451.

4

James Marshall began business without capital. At the end of the year he had Cash on hand, $580.40. Merchandise unsold valued at $672.25. L. E. Bender's account, debit, $321.50; credit, $228.60. A. C. Mason's account, debit, $223.70; credit, $110.15. J. C. Allen's account, debit, $97.65; credit, $82.45. Geo. Philips' account, debit, $125; credit, $916. F. C. Lawrence's account, debit, $200; credit, $883.30.

Net Gain ——?

5

A merchant began business with Cash on hand, $550. At the end of the month his cash account showed a total debit of $968.35, and credit, $875.90. Robt. Smith's account, debit, $632.50; credit, $427.25. Wm. Lockwood's account, debit, $1050.20; credit, $835.50. Edward Cook's account, debit, $312.40; credit, $200. B. L. Walworth's account, debit, $650.80; credit, $225.50. H. C. Carson's account, debit, $328.35; credit, $150.

Net Gain ——?

6

A and B are partners. A invests $300; B invests $600. When the books are closed at the end of the year, the Cash on hand is $265.50; Merchandise valued at $530.40; Store Fixtures, $200. J. P. Smith's account, debit, $214.25; credit, $78.20. Robt. Munson's account, debit, $54.50; credit, $35.15. F. J. Cumming's & Co.'s account, debit, $342.45; credit, $164.30. Geo. Stetson's account, debit, $485.75; credit, $524.40.

Required the net gain or net loss and each partner's net capital at the end of the year, partners sharing equally.

INVENTORIES

A statement may be made at any time that the proprietor desires to know the exact condition of his business, but before the statement can be made the value of unsold goods must be ascertained.

An **Inventory** is a list or schedule of unsold goods or property with an estimated value.

When a merchant makes an inventory, or "takes stock," as it is often called, he estimates the value of his goods not at the price paid for them, nor at the price he expects to receive for them, but at what they would cost at the present time to replace them in his store.

Inventory

7 bbls. Fancy Flour	*valued @ $ 4.25,*	*29.75*
5 lbs. Champion Flour	*valued @ 4.00,*	*20.00*
3 tubs Elgin Creamery Butter, 150 lbs.	*valued @ .20,*	*30.00*
2 boxes English Dairy Cheese, 120 lbs.	*valued @ .22,*	*26.40*
		106.15

The articles and prices given below will furnish the pupil with material convenient for making inventories. In working other exercises also it will be of considerable service to him to have a knowledge of some of the staple articles and approximate prices in the various lines of business. This list may be frequently consulted hereafter.

Material for Practice

Groceries. *Coffee,* 4 bags, 200 lbs. @ 35c., $70.00. *Sugar,* 4 bbls., 1320 lbs. @ 5c. *Flour,* 50 sacks @ 45c. *Tea,* 5 half chests, 175 lbs. @ 33c. *Butter,* 6 tubs, 300 lbs. @ 25c. *Cheese,* 3 boxes, 150 lbs. @ 18c. *Crackers,* 7 bbls., 420 lbs. @ 9c. *Rolled oats,* 1 bbl., 180 lbs. @ 3c. *Laundry Soap,* 12 boxes @ $3.75. *Molasses,* 2 bbls., 80 gals. @ 33c. *Rice,* 2 bbls., 100 lbs. @ 5c. *Starch,* 3 boxes, 120 lbs. @ 5¼c.

Provisions. *Potatoes,* 20 bbls. @ $1.75. *Apples,* 10 bbls. @ $2.15. *White Onions,* 2 bbls. @ $5. *Flour,* 15 bbls. @ $4.50. *Sugar-cured Hams,* 50 lbs. @ 17c. *Bacon,* 75 lbs. @ 11c. *Eggs,* 15 doz. @ 20c. *Codfish,* 3 boxes, 120 lbs. @ 6½c. *Salt,* 12 bags @ 15c.

Dry Goods. *Flannels,* 3 pcs., 60 yds. @ 22c., $13.20. *Sheetings,* 5 pcs., 180 yds. @ 20c. *Ginghams,* 6 pcs., 200 yds. @ 5½c. *Cambrics,* 8 pcs., 250 yds. @ 8c. *Dress Silks,* 5 pcs., 120 yds. @ 85c. *Serges,* 4 pcs., 210 yds. @ 75c. *Cheviots,* 6 pcs., 180 yds. @ 55c. *Velvets,* 2 pcs., 60 yds. @ $1.10. *Satins,* 3 pcs., 65 yds. @ 55c. *Prints,* 12 pcs., 360 yds. @ 5c.

Hardware. *Nails*, 4 kegs, 400 lbs. @ 4½c., $18. *Lawn Mowers*, 5 @ $4.75. *Refrigerators*, 6 @ $20. *Clothes Wringers*, 12 @ $3.75. *Lamps*, 8 @ $2.25. *Axes*, 20 @ $1.25. *Saws*, 6 @ $1.85. *Garden Rakes*, 10 @ 45c. *Oil Stoves*, 7 @ $2.75. *Shears*, 14 @ 35c. *Spring Hinges*, 20 @ 65c. *Horse Clippers*, 5 @ $1.80.

Furniture. *Bookcases*, 4 @ $35. *Desks*, 3 @ $18. *Extension Tables*, 7 @ $15. *Easy-chairs*, 8 @ $4.50. *Side-boards*, 3 @ $28. *Parlor Suits*, 4 @ $65. *Chiffoniers*, 6 @ $20. *Cabinets*, 2 @ $35. *Folding Beds*, 4 @ $45. *Kitchen Chairs*, 36 @ $1.10. *Couches*, 6 @ $18. *Wash-stands*, 12 @ $7.50.

Exercises

1. Make an inventory of seven items from the grocery business.
2. Make an inventory of eight items from the provision business.
3. Make an inventory of nine items in the dry-goods business.
4. Make an inventory of ten items in the hardware business.
5. Make an inventory of twelve items in the furniture business.

Review

1. What is meant by the word "resources" or "assets"? 2. What is meant by liabilities? 3. What is the net capital, or present worth? 4. What is the purpose of Book-keeping? 5. What is an inventory? 6. How should goods be valued in making an inventory? 7. Mention four or five articles sold by a dry-goods merchant and the present price of each.

BUSINESS FORMS

Business transactions involve the use of Business Forms to such an extent that it becomes necessary at this point to explain their meaning and illustrate their use.

The forms most frequently used in ordinary business transactions, such as Bills, Orders, Notes, Drafts, and Checks, will now receive, each in its turn, special consideration, while other forms not requiring immediate attention will be explained at the end of Part I.

Bills

A **Bill** is an itemized statement of goods sold or services rendered.

Suggestion. Distinguish the difference in the meaning of the word "bill" as used above and when applied to notes and drafts, which are called Bills Receivable and Bills Payable.

FORM OF BILL

Pittsburg, May 7, 1897.

Mr. A. F. Manning

Bought of Brown & Hawley.

May	2	1 bbl. Flour	4	50
"	2	10 lbs. Creamery Butter @ 30¢,	3	00
"	6	3 lbs. Y. H. Tea @ 70¢,	2	10
			9	60

RECEIPTED BILL

Pittsburg, May 7, 1897.

Mr. A. F. Manning

Bought of Brown & Hawley.

May	2	1 bbl. Flour,	4	50
"	2	10 lbs. Creamery Butter @ 30 ¢,	3	00
"	6	3 lbs. Y. H. Tea @ 70 ¢,	2	10
			9	60

Received Payment,

Brown & Hawley.

BILL FOR SERVICES

Brooklyn, April 6, 1897.

Mr. B. F. Raymond,

To H. W. Williams, Dr.

To Instruction in Book-keeping,

12 Lessons @ $2 - - - $24.

Received Payment,

H. W. Williams.

In the heading of a bill "*Dr.*" is sometimes used instead of "Bought of."

To H. W. Williams, *Dr.*, means that some one is debtor to, or in debt to H. W. Williams. This form is appropriate when the bill is for services.

A stamp with the word "Paid" is often used to save time in receipting bills.

Bills, Accounts Current, and Statements of Accounts are different names given to what may be substantially the same thing.

Bill is the more appropriate word to describe a statement merely of indebtedness, as when service has been rendered, or goods sold and no payment made.

Account Current, or Statement of Account, is appropriately applied to a form which shows that there is a running account, having credits as well as debits to be stated.

Merchants from time to time send bills to their customers to show the amount due, and to remind them that it is time to settle. The bill is usually a copy made from the book in which the transaction was first recorded.

Exercises for Practice in Bills

Direction. If you are not provided with paper suitably ruled, use ordinary letter paper and rule properly for a bill.

1

James Reynolds, a grocer, has sold to Geo. F. Day the following groceries: Jan. 15, 1897, 7 lbs. Sugar @ 6c., 42c.; 5 lbs. Butter @ 25c., $1.25; 3 lbs. Prunes @ 10c., 30c.; 1 can Cocoa, 22c. Make a bill for this sale.

Direction. Follow the form on page 41. Write the date on first line, Mr. Geo. F. Day on the second line, and "Bought of James Reynolds" on the third line.

2

James R. Wells, a dry-goods merchant, has sold to John Ford the following items: Jan. 20, 1897, 10 yds. Broadcloth @ $1.50; 3 yds. Velvet @ $2.20; Jan. 24, one Fur Cape, $33; 18 yds. Silk @ $1.35. Make a receipted bill for this sale.

3

Wm. Thomas, a carpenter, has rendered services to Philip Watson as follows: Jan. 27, Repaired Veranda, 3 days' work @ $4, $12; Lumber used in repairing, $6.50. Make an unreceipted bill.

Orders

An **Order** is a written request that money, merchandise, or other articles be delivered to some particular person.

FORM

Philadelphia, March 9, 1897.

To Warren & Rogers,

Please deliver to the bearer, Edward Bradley, Merchandise from your store such as he may select, to the value of Twenty-five Dollars, and charge the same to my account.

$25.00. *Robert Brown.*

Exercises

1

You owe Charles Walters $18. Give him an order on your own grocer, Henry Myers, for $7, payable in groceries.

2

William Baker owes you $275. Give James Gardner, to whom you owe $122.50, an order for that amount on William Baker.

3

Write an order on Cooper & Smith for Merchandise to the value of $6.50 to be delivered to James C. Bryant.

4

Write to Maynard, Merrill, & Co. an order for three copies each of five of the school books which you are now studying. (See form on opposite page.)

An order may request the goods or articles to be delivered to some third party, or to the person who writes the order, as in the following:

250 Wood Street,
Pittsburg, Sept. 25, 1897.

Messrs. Lord & Taylor,
Broadway, New York.

Gentlemen:

Please forward to me by Adams Express the following goods:

2 pcs. Brown Sheeting, Atlantic A.
3 " " " Cohasset E.
2 " Sprague Prints.
4 " Arnold's Fancy Prints.

You will oblige me by sending at your earliest convenience a price list of Standard Dress Goods.

Yours respectfully,
James C. Brown.

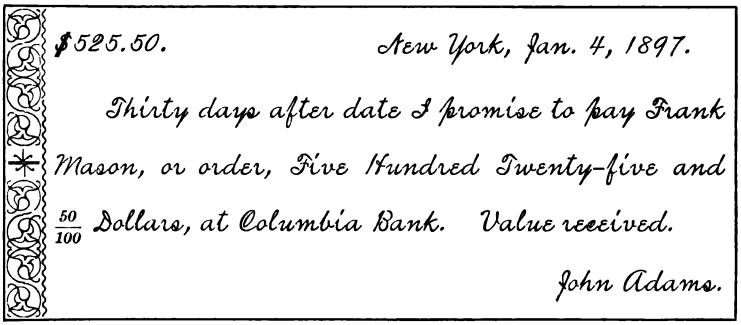
Review

1. What is a bill? 2. What is the meaning of the expression, "To H. W. Williams, Dr."? 3. What other names are sometimes applied to bills? 4. What is an order? 5. To whose account are the goods charged when they are sold on an order? 6. How many parties are concerned in the form of order on page 44?

Notes

A **Promissory Note** is a written promise to pay a sum of money at a specified time.

FORM OF NOTE



$525.50. New York, Jan. 4, 1897.

Thirty days after date I promise to pay Frank Mason, or order, Five Hundred Twenty-five and $\frac{50}{100}$ Dollars, at Columbia Bank. Value received.

John Adams.

In every note there are two parties, called the **Maker** and **Payee.** The maker is the person who promises to pay. His name appears in the lower right-hand corner. The payee is the person who is to receive the money. His name appears in the body of the note.

In the above note John Adams is the maker, and Frank Mason the payee.

A **Negotiable Note** is one that the payee can transfer to another person by indorsement, and delivery. Such a note must contain the words "order" or "bearer." When these words are omitted, it is called a non-negotiable note, as it cannot be transferred to another by indorsement.

An **Indorsement** is the indorser's signature written across the back of the note.

By indorsement the indorser not only conveys his property or interest in the note when he is the payee, but he becomes liable for its payment if the maker fails.

An indorser may escape the payment of a note if the holder fails to have it protested.

Protesting is in substance demanding payment of the maker of the note on the day it falls due, and notifying the

indorser that he is expected to pay, as the maker has not done so.

An **Indorsement in Blank** is simply the indorser's signature across the back of the paper.

An **Indorsement in Full** is the indorser's signature designating the person to whom the note is transferred; thus, "Pay to John Bates, or order. Frank Mason."

A **Qualified Indorsement** is one that relieves the indorser from all liability to pay the note. It is made by adding to the indorsement the words "without recourse."

Bills Payable are our written obligations to pay.

Bills Receivable are other persons' written obligations to pay us.

The words, **value received**, although usually written in a promissory note, are not in most states necessary to make it negotiable.

Notes are generally payable at a bank, and if no funds have been provided for their payment, they are turned over to a Notary Public, who makes a formal protest.

An indorser who has been compelled to pay a note may afterwards recover his loss from the maker if the latter has property.

When there is no indorser, it is not necessary to protest the note, and if the maker does not pay it when due, it may be collected from him at any time within five or six years, if he has property.

A note does not draw interest until it is due, unless otherwise stated. When it is intended that it shall bear interest from date, usually the interest is computed and included in the amount of the note.

In **discounting** a note or paying it before it is due, the discount is ascertained by calculating simple interest on the sum mentioned in the note from the day of discount to the day of maturity. The person who has the note discounted receives the proceeds or the amount of the note, less the discount.

Days of Grace are the three days immediately following the specified day of payment. The maker of a note is in some states allowed this additional time in which to pay.

In New York, and some other states, "days of grace" are abolished, and when a note falls due on Sunday or a legal holiday, it is payable on the day following.

Exercises in Notes

1

Write a note to fill the following conditions: Place, Chicago. Date, Jan. 4, 1897. Amount, $250. Time, 60 days. Maker, John Miller. Payee, Yourself. Payable at Columbia Bank.

2

Write a note for $156.00. Place, New York. Date, March 4, 1897. Time, 5 days. Maker, Yourself. Payee, your Teacher. Payable at Merchants' Bank.

3

Write a negotiable note for $1000. Time, 10 days. Payee, James Brower. Maker, Yourself.

4

Write a non-negotiable note payable on demand for $1250.50. Payee, William Ward. Maker, Hill & White.

The above note should begin thus: On demand, etc.

5

Write a negotiable note which will bear interest from date @ 6 %. Maker, Yourself. Payee, Edward Bush. Amount, $530. Date, Feb. 15, 1897. Time, 4 months.

6

Write a negotiable note payable to yourself for any amount, and indorse the same in blank.

Directions for indorsing a note. Indorse a note by writing your name *across* the back (not lengthwise) about an inch from the upper end. The upper end is the end to the left when the note faces you.

If your name has not been written correctly on the face of the note, write it on the back in the same way, then underneath write it correctly.

Review

1. What is a promissory note? 2. What are the two parties to a note called? 3. Who is the maker, and where does his name appear? 4. Who is the payee, and where does his name appear?

5. What is a negotiable note? 6. What words are essential to make the note negotiable? 7. How is an indorsement made? 8. What is the result of indorsement? 9. What is an indorsement in blank? 10. What is an indorsement in full? 11. What is a qualified indorsement? 12. What words are generally used in a qualified indorsement? 13. What is understood by bills payable? 14. What is understood by bills receivable?

Drafts

A **Draft** is a person's written order to another directing him to pay a certain sum of money.

FORM OF DRAFT

$500.00. New York, Nov. 4, 1897.

At five days' sight, pay to the order of Henry Wright, Five Hundred Dollars, value received, and charge to the account of

To Geo. W. Clark,
594 Broadway.

Edward Field.

In the above draft Field asks Clark to pay Wright. Field is the **drawer**, Clark is the **drawee**, and Wright is the **payee**.

At five days' sight means five days after Clark has seen the draft.

The three parties to a draft are the **Drawer**, who writes the order; the **Drawee**, who is directed to pay, and the **Payee**, who receives the money.

In the usual form of a draft the drawer's name appears in the lower right-hand corner; the drawee's name in the lower left-hand corner, and the payee's name in the body of the draft.

To the Teacher. See that the pupil at this point thoroughly comprehends the meaning of the terms drawer, drawee, and payee.

A **Sight Draft** is one that requires payment as soon as presented to the drawee or brought to his sight.

Usually a sight draft begins with the words, "At sight."

A sight draft, when received, is considered as Cash.

A **Time Draft** is one that is payable a certain number of days after sight, or after date.

The convenience of a draft may be illustrated thus: A, of New York, draws a sight draft on B, of Chicago, in favor of C, who also lives in Chicago. A sends the draft to C, and C presents it to B, who pays it. By this means a settlement has been effected with the three parties without sending money back and forth between the two cities. Had the draft been a time draft, C would present it to B first for acceptance, and later for payment.

By the use of a draft you may request A to pay you the sum he owes you, and in drawing such a draft you become not only the drawer but also the payee.

A draft drawn by one bank upon another is called a Bank Draft.

Drafts, like notes, may be made negotiable, or non-negotiable, by the use or omission of the words "order" or "bearer" in the body of the draft.

What has been said about indorsement under the subject of notes applies also to drafts.

Exercises in Drafts

1

You will perhaps more readily understand the nature of a draft if you will suppose that your parent owes you $20, and that you owe your teacher the same amount; then, following the form above, draw a draft on your parent, in favor of your teacher.

2

Write a draft at 5 days' sight. Amount, $500. Date, Dec. 4. Drawer, E. G. Fulton. Drawee, G. H. Cooper. Payee, H. C. Walker.

3

Frank Baker owes you $700. You owe S. C. Carpenter. Draw a draft at sight on Frank Baker for $700, payable to S. C. Carpenter.

4

Write a draft at 10 days' sight. Amount, $720. Place, Albany, N.Y. Date, April 6, 1897. Drawer, Geo. C. Fischer. Drawee, Joseph McMillen. Payee, Yourself.

5

Write a draft at 3 days' sight. Amount, $550. Place, St. Louis. Date, Aug. 4, 1897. Drawer, W. M. Brown. Drawee, Yourself. Payee, W. E. Griffiths.

An **Acceptance** is the drawee's agreement, in writing, to pay the draft. It is made by the drawee writing across the face of the draft, usually in red ink, the word, "Accepted," the date, and his signature. It is then called his acceptance.

FORM OF ACCEPTANCE

$500.00. New York, Nov. 4, 1897.

At five days' sight, pay to the order of Henry Wright, Five Hundred Dollars, value received, and charge to the account of

Nov 4, 1897 Accepted Geo. Clark

To Geo. W. Clark, 594 Broadway. Edward Field.

In the ordinary course of business a person accepts a draft when it is drawn on him. He is not, however, obliged to accept, and he may have some good reason for refusing to do so, as when the amount of the debt is in dispute.

When one refuses to accept a draft, one is said to dishonor it.

Bill of Exchange is another name sometimes given to a draft. Usually this term is applied to a draft drawn in one country and payable in another.

Our written obligations to pay, whether in the form of promissory notes, or drafts which we have accepted, are called **Bills Payable.**

Other persons' written obligations to pay us whether in the form of notes, or acceptances, are called **Bills Receivable.**

Exercises in Acceptances

1

You owe Philip Harrington. On May 6, 1897, he has drawn a draft on you, three days after sight, for $425, payable to F. C. Bard. Write the draft, and then write the proper words across the face to make it your acceptance, dating the acceptance May 8.

2

August Cameron owes you a sum of money. Draw a draft on him at ten days' sight for $160, payable to yourself, dating the draft Aug. 12, 1897. On Aug. 14 Mr. Cameron accepted it. Write the acceptance as Mr. Cameron should write it.

3

You owe Edward Baldwin. He has drawn a sight draft on you for $125, payable to himself. Write the draft.

Remark. This draft does not require acceptance, as you should pay at once or as soon as it comes to your sight.

When a person draws a draft payable to himself, he becomes not only the drawer but also the payee. This is sometimes called a two-party draft.

Review

1. What is a draft? 2. Who are the three parties to a draft? 3. Where, in the draft, does each party's name appear? 4. What is a sight draft? 5. What is a time draft? 6. May drafts be made either negotiable, or non-negotiable? 7. What words, if omitted, will render the draft non-negotiable? 8. What advantages has a negotiable note or draft over one non-negotiable? *Ans.* The negotiable note or draft by being transferable may be made to pay a debt each time it changes hands, and thus performs the office of money. 9. What is an acceptance? 10. By whom is it made? 11. How is it made? 12. What is it then called? 13. What are bills of exchange? 14. What name may be applied to our acceptance? 15. What may another person's acceptance in our favor be called?

The Bill-Book

When a business is such as to require the frequent use of notes and drafts, it becomes necessary to have a separate book in which to keep a record of them, called a **Bill-Book.** On page 54 will be found a simple form of this book. Under the title bills receivable are entered other persons' written obligations to pay us, which may be either in the form of promissory notes, or drafts which have been accepted.

The note in Exercise 1, page 48, in which you are the payee, has been recorded under Bills Receivable. Compare the note itself with the record of it on following page.

The accepted draft in Exercise 2, page 52, is also recorded under Bills Receivable, as it is a written obligation to pay you.

Under the title Bills Payable are entered your written obligations to pay.

The note in Exercise 2, page 48, in which you are the maker, is recorded under Bills Payable. As a draft which you have accepted is also your written obligation to pay, you will find your acceptance in Exercise 1, page 52, recorded under Bills Payable.

Exercises for Bill-Book

Direction. On a large sheet of paper rule a bill-book similar to the one given, and copy the entries as there made. Then write notes and drafts as directed below and make the proper entry for them in your bill-book.

1

Edward Halsey owes you $325 on %. He has given you his note in payment, dated Sept. 15, payable 30 days after date.

2

On Oct. 10 you bought from James McDonald a horse for $140, paying part Cash, and your note @ 60 days for balance, $100.

3

Hill & White have on Nov. 15 drawn a draft @ 10 days' sight on you for the balance due them on %, $675. On Nov. 17 you accepted the draft.

Bill-Book

Bills Receivable

No.	When Received	Maker or Drawee	In whose Favor	Date	Time	When Due	Amount	When and How Disposed of
1	Jan. 4, 1897	John Miller	Pupil	Jan. 4, 1897	60 days	Mar. 5	250.00	
2	Aug. 14	August Cameron	Pupil	Aug. 12, 1897	10 days	Aug. 24	160.00	

Bills Payable

No.	When Issued	Maker or Drawee	In whose Favor	Date	Time	When Due	Amount	When and How Disposed of
1	Mar. 4, 1897	Pupil	Teacher	Mar. 4, 1897	5 days	Mar. 9	156.00	
2	May 8	Pupil	F. C. Bard	May 6	3 ds. sight	May 11	425.00	

Remark. Throughout this work, in computing the day of maturity of a note or draft, the days of grace have been omitted. In states where days of grace are still allowed, the time given above would be the nominal date of maturity, while the legal date would be three days later.

Bank Checks

A **Check** is a written order on a bank for the payment of money.

Banks are institutions created by law for the safe deposit, loan, exchange, and issue of money.

National Banks are created by the laws of the United States and are called Banks of Issue and Discount.

A **Bank of Issue** is one that issues its promise to pay in the form of printed bills which circulate as money. To secure the payment or redemption of these bills, usually called National Bank Notes, the bank must deposit with the United States Treasury, Government Bonds exceeding in value the amount of the notes.

The business of a National Bank consists chiefly in lending money and discounting notes and drafts.

State Banks, Saving Institutions, and Trust Companies are governed by the laws of the various states in which they are located, but in no state are they at present banks of issue.

When a person opens an account in a bank he is required to write his name in a signature book, that the cashier may know his true signature. He then receives a small bank-book, or pass book, in which is entered on one side the deposits, and on the opposite side the money drawn out. He also receives a blank check book, to be used when he draws money from the bank.

Money may be drawn from the bank only by means of checks, properly filled out and signed.

Check Book

STUB			CHECK
Balance	675	50	*No. 1.* *New York, Nov. 5, 1896.*
Nov. 4 Deposited	120	00	**Columbia Bank**
	795	50	
No. 1 $200	200	00	*Pay to the order of James Howard*
James Howard			*Two Hundred* ..... *Dollars.*
For services			
Balance	595	50	200\frac{00}{100}$. *Edward Parsons.*

Referring to the foregoing check, it will be seen that it is similar to a draft, as Edward Parsons is the drawer, Columbia Bank the drawee, and James Howard the payee.

In writing a check care should be taken that no opportunity is offered for changing or raising the amount. The figures should be placed close to the dollar sign, and the blank space, following the amount as expressed in words, should be filled with lines or scrolls.

The stub of the check book shows the date, amount drawn, payee, and balance remaining in bank, after each check has been drawn.

Checks, like notes and drafts, may be made negotiable or non-negotiable. They may also, like notes and drafts, be indorsed.

When a depositor wants money for his own use, he may make his check payable to bearer, or Cash, or to his own order. If payable to his own order, the bank will require him to indorse it before paying him.

When A draws a check payable to the order of B, in payment of a debt, B must indorse it, and be identified at the bank to receive the money.

When a person receives a check indorsed in blank, he is permitted by law to make the indorsement in full. This he does by writing above the blank indorsement the words, "Pay to the order of," followed by his own name.

Checks when received are always counted as Cash.

Checks made payable to Cash, or bearer, may, if lost, be collected by the finder. Some banks, however, will not pay any form of a check unless indorsed, and then only to customers or persons who have been identified.

A check should be presented to the bank for payment within a reasonable time after it is received. It is at the holder's risk to retain it longer.

A **Certified Check** is one which the bank has agreed to pay.

A check is certified by the cashier, or teller, writing across the face, or with a stamp printing the word "Certified," or words to that effect.

The certifying words vary somewhat with banks in different locations. New York City banks have adopted a stamp bearing the words "Certified, Payable only through New York Clearing House."

Checks which the bank has paid are finally returned to the drawer, and are often valuable to him as evidence of the payment of a debt.

A **Cashier's Check** is simply a draft drawn by one bank upon another. It is generally known as a Bank Draft.

A convenient and safe way of making remittances is by draft on New York. Banks throughout the country, having money deposited in New York City banks, sell to merchants and others, at a slight premium, their drafts on New York, which are regarded as good as Cash in almost any part of the United States.

Commercial Paper is a term applied chiefly to notes, drafts, and checks. Any written obligation to pay money, if negotiable, may, however, be called Commercial Paper.

Exercises in Checks

1. Write your check on the North National Bank for $120, payable to Maynard, Merrill, & Co. Date, present time.

2. Henry Archer has drawn a check on North National Bank for $25, payable to your order. Write the check.

3. You owe C. H. Moore $50. Pay him by check on North National Bank.

4. Draw a check on the North National Bank, payable to yourself.

5. You have received a check from James Rogers for 157\frac{25}{100}$, payable to your order. Write a copy of this check and indorse it in full to Chas. H. Fiske.

Review

1. What is a check? 2. What are banks? 3. In what manner is an account opened in a bank? 4. How may money be drawn from the bank after it has been deposited? 5. Wherein does a check resemble a draft? 6. What should the stub of a check book show? 7. May checks be made negotiable?

8. What is a certified check? 9. How is a check certified? 10. What is a cashier's check? 11. What is understood by commercial paper?

Exercises and Reviews in Business Forms

1. What is a bill?

2. You are in the hardware business. Several weeks ago you sold to Samuel Ward, on %, 2 kegs of Nails, 200 lbs. @ 5c.; 1 Saw, $2.50; 6 Spring Hinges @ 55c.; 1 Grindstone, $3.25; 4 prs. Door Hangers @ $2.30. Make the bill for this sale.

3. Mr. Ward is not able to pay immediately, but gives you his note @ 10 days, dated the present date. Write the note.

4. What is a promissory note?

5. You have sold Ward's note to Horace Willard for $2 less than its face value. Write an indorsement in full on the back of the note.

6. What is indorsing?

7. Are you liable for the payment of Ward's note when it falls due?

8. What neglect on the part of Horace Willard, the holder, will release you from all liability?

9. What is an order?

10. R. G. Burns, a dry-goods merchant, owes you $32.50. You owe Geo. Hulbert $20, and desire to pay him by giving him an order on Burns. Write the order, making it payable in goods.

11. Whose account should be debited and whose credited in the above transaction?

12. What is a draft?

Remark. The above order would be called a draft if it had been payable in money.

13. Name the three parties to a draft.

14. Henry Walker has drawn on you for $62.50 at 3 days after date (present date) in favor of Chas. Wilson. Write the draft and accept it.

15. What is a bill-book?

16. Under what heading should the above draft be recorded in the bill-book?

17. Wherein does a check differ from an order?

18. Write a check on North National Bank for $120, payable to the order of James E. Daly.

19. How can Daly obtain money from the bank if he is not known by the cashier?

20. If Daly should claim, some time after the check had been paid, that he had not received the money, what written evidence have you that it was paid?

21. What is a negotiable note?

22. How can you indorse a note which has been made payable to your order, so that you will not be liable for its payment in case the maker fails?

23. What is understood by commercial paper?

THE DAY-BOOK

In your first lesson in personal accounts you learned one form of recording dealings with persons which is very convenient for showing general results, but is not in itself sufficient or suitable when there are many details or particulars to be stated.

For a more complete record merchants resort to the use of what is called a day-book, in which they write the transactions at the time and in the order in which they occur.

Before reading definitions, you should turn to page 62 and examine the day-book.

Definitions

The **Day-Book** is a daily record of our dealings with persons. It is convenient for showing the details or particulars of a transaction, and is sometimes called a Book of Original Entry.

A **Book of Original Entry** is any book in which the entry is originally recorded.

As books of original entry furnish the best evidence in court to prove a debt or contract, it is important that the entries should be precise and accurate. Any erasures or alterations cast suspicion upon the record. If an error has been made it should be corrected by re-writing the entry and marking the former one "Void."

Order-Book and **Blotter** are names sometimes applied to books which differ in form slightly from a day-book. An order-book or blotter is, in general, a book in which an order for the sale or manufacture of goods is first entered. A grocer's day-book, in which he enters his sales, is often called an order-book.

Rules for Making an Entry in the Day-Book

1st. *Write the name of the person who is to be debited or credited.*

2d. *Write the items or particulars of the transaction, including the amount.*

3d. *On the same line following the name write Dr. or Cr., as the case requires, observing that a person is debtor (Dr.) when he owes or receives anything of value from us on %, and creditor (Cr.) when we owe him or receive anything of value from him on %.*

"To" and "By" are sometimes written in the day-book, also in the ledger, to begin the explanation of a transaction, "To" being used with a debit entry and "By" with a credit entry. As the explanation is quite as clear without the use of these words, they are frequently omitted.

Transactions

The following transactions have been entered in the day-book on the next page.

June 1. Sold to F. C. Newman on %, 5 yds. Linen Sheeting @ $2.50, $12.50; 17 yds. Cotton Flannel @ 20c., $3.40; 1 Carriage Robe, $7.50.

Explanation. This transaction is entered in the day-book by writing the name F. C. Newman, and then the items of the sale, including the amount. As F. C. Newman has received value from us or is in our debt, this fact is indicated by writing *Dr.* on the line with his name.

June 2. Bought of Geo. D. Woodward on %, 5 pieces Cambric, 220 yds. @ 4c., $8.80; 3 pieces Fancy Plaid, 85 yds. @ $1.20, $102; 20 doz. Spool Cotton @ 48c., $9.60.

Explanation. The name and items are entered in the same manner as in the preceding example, but as we have received value from Geo. D. Woodward or owe him he should be credited.

June 3. Bought of Adams & Elder on %, 4 tons Coal @ $4.75, $19.

Explanation. This is entered in the same manner as the 2d.

June 5. Sold to D. H. Ward, 7 yds. Fancy Plaid @ $1.35, $9.45; 8 yds. Cassimere @ $1.75, $14. Received in part payment Cash, $10.

Explanation. Ward is debited for $19.25, but as he immediately pays part of the bill he is at once credited $10.

June 6. Gave Adams & Elder an order on F. C. Newman for $19.

Explanation. As we have given Adams & Elder something of value (an order) Adams & Elder's account should be debited (*Dr.*) to the value of the order. As F. C. Newman pays the order at our request, and as we therefore receive, indirectly, value from him, his account should be credited (*Cr.*).

June 7. Hired William Russell as clerk, and agreed to pay him $12 per week.

Explanation. This transaction requires only a memorandum in the day-book. No amount should be entered in the money column, as no one at the present date should be either debited or credited.

June 8. Sold to Geo. W. Parke on %, 10 yds. Blue serge @ 90c., $9.00; 2 prs. Blankets @ $6.25, $12.50.

Explanation. This transaction is recorded on page 63, but before making the entry the footing for page 62 should be entered at the bottom of the page, and then carried to the top of page 63.

Day-Book

New York, June 1, 189–

		Items		Totals	
F. C. Newman,	*Dr.*				
To 5 yds. Linen Sheeting @ $2.50,		12	50		
" 17 yds. Cotton Flannel @ 20c.,		3	40		
" 1 Carriage Robe,		7	50	23	40
2					
Geo. D. Woodward,	*Cr.*				
By 5 pieces Cambric, 220 yds. @ 4c.,		8	80		
" 3 pieces Fancy Plaid, 85 yds. @ $1.20,		102	00		
" 20 doz. Spool Cotton @ 48c.,		9	60	120	40
3					
Adams & Elder,	*Cr.*				
By 4 tons Coal @ $4.75,				19	00
5					
D. H. Ward,	*Dr.*				
To 7 yds. Fancy Plaid @ $1.35,		9	45		
" 8 yds. Cassimere @ $1.75,		14	00	23	45
Contra,	*Cr.*				
By Cash,				10	00
6					
Adams & Elder,	*Dr.*				
To Order on F. C. Newman,				19	00
F. C. Newman,	*Cr.*				
By Order in favor of Adams & Elder,				19	00
Carried forward,				234	25

Day-Book

New York, June 7, 189–

	Items		Totals	
Brought forward,			234	25
Mem. Hired William Russell as clerk and agreed to pay him $12 per week.				
8				
Geo. W. Parke, *Dr.*				
To 10 yds. Blue Serge @ 90c.,	9	00		
" 2 prs. Blankets @ $6.25,	12	50	21	50
			255	75

Review

1. What is a day-book? 2. For what is this book convenient? 3. What is understood by a book of original entry? 4. What are the three steps in making an entry in the day-book? 5. When does a person become debtor and when creditor? 6. When is the expression "To" used and when "By"?

Day-Book Exercises

1

Feb. 2. Sold to Walter Lawrence on %, 6 Damask Towels @ 25c., $1.50; 12 yds. Ticking @ 28c., $3.36; 8 yds. Flannel @ 30c., $2.40.

" 3. Bought of Geo. Campbell on %, 10 pieces Bleached Cotton, 450 yds. @ 7c., $31.50; 8 pieces Standard Prints, 397 yds. @ 5c., $19.85; 2 pieces Cotton Flannel, 103 yds. @ 14c., $14.42.

" 4. Bought of Smith & Taylor on %, Lumber for Shelves in Store, $14.

" 5. Sold to P. S. Meyer on %, 5 spools Machine Silk @ 8c., 40c.; 10 yds. Scotch Gingham @ 18c., $1.80; 8 yds. Flannel @ 32c., $2.56; 1 Table Cover, $3.75.

Feb. 6. Sold to James McFadden, 20 yds. Sheeting @ 27c., $5.40; 2 prs. Wool Blankets @ $6.75, $13.50; 1 Damask Table-cloth, $5.75. Received Cash in part payment, $10.

" 7. Gave Smith & Taylor an Order on Walter Lawrence for $5.

" 8. Sold to F. W. Jordan on %, 6 Linen Hdkfs. @ 23c., $1.38; 3 yds. Fancy Plaid @ $1.79, $5.37.

2

March 1. Sold to C. H. Henderson on %, 2 bbls. Flour @ $6.50; 3 bbls. Potatoes @ $1.60; 2 bbls. Apples @ $3.25.

" 2. Sold to Geo. W. Whitney on %, 1 tub Creamery Butter, 50 lbs. @ 28c.; 2 bbls. Baldwin Apples @ $3.50.

" 3. Bought of Webb & Hazard on %, 20 bbls. Fancy Flour @ $4.50; 1 bbl. Rice, 300 lbs. @ 5c.; 2 bags Mocha Coffee, 200 lbs. @ 33c.

" 4. Received of C. H. Henderson Cash on %, $20.

" 5. Sold to Alexander Smith on %, 1 box Cheese, 60 lbs. @ 23c.; 2 bbls. Potatoes @ $1.50.

" 6. Sold to Geo. W. Whitney on %, 1 bbl. Granulated Sugar, $15.20.

" 8. Paid Webb & Hazard Cash on %, $75.

" 9. Received of Geo. W. Whitney Cash on %, $15.

" 10. Sold to C. H. Henderson on %, 1 tub Butter, 50 lbs. @ 20c.; 2 boxes Raisins, 100 lbs. @ 8c.

" 12. Bought of Webb & Hazard on %, 20 bbls. Potatoes @ $1.15; 8 bbls. Apples @ $2.25.

" 13. Received of Alexander Smith on %, Cash, $10.

" 15. Sold to Geo. W. Whitney on %, 36 cans Peaches @ 18c.; 1 box Prunes, 55 lbs. @ 12c.

" 16. Sold to C. H. Henderson on %, 1 bag Coffee, 100 lbs. @ 30c.; 1 bbl. Granulated Sugar, $15.25.

" 18. Paid Webb & Hazard Cash on %, $50.

THE LEDGER

Suggestion. Examine the ledger on page 67.

The design of a Single-entry Ledger is to exhibit the general results pertaining to each person's account.

You have seen that a day-book entry is a comprehensive and detailed record of a business transaction, but not in a form to show concisely the separate and collective debits and credits of each individual's account. By bringing from the day-book the various debits, also the various credits of each person's account, and arranging them under their proper headings in a book called the Ledger, the results of our dealings with persons will be most conveniently shown.

Definitions

The **Ledger** is the book of final entry. Under separate titles it exhibits collectively the debits and credits of each account.

An **Index** is that part of the ledger in which the titles of the accounts are alphabetically arranged. Its use is to enable one to readily find an account.

Posting is transferring the entries from the day-book to the ledger.

Rule for Posting

When a person's account is marked Dr. in the day-book, carry the amount to the debit side of his account in the ledger; but if marked Cr., carry it to the credit side.

Remark. When the accounts are properly posted, the total footing of the day-book must equal the sum of the debits and credits of the ledger.

Day-Book

New York, March 1, 189–

L.P.		Items	Totals
17	C. K. Henderson, Dr.		
	To 2 bbls Flour @ $6.50,	13 00	
	" 3 " Potatoes @ $1.60,	4 80	
	" 2 " Apples @ $3.25,	6 50	24 30
	2		
17	Geo. W. Whitney, Dr.		
	To 1 tub Butter, 50 lbs. @ 28c.,	14 00	
	" 2 bbls. Baldwin Apples @ $3.50,	7 00	21 00
	3		
17	Webb & Hazard, Cr.		
	By 20 bbls. Fancy Flour @ $4.50,	90 00	
	" 1 " Rice, 300 lbs. @ 5c.,	15 00	
	" 2 bags Coffee, 200 lbs. @ 33c.,	66 00	171 00
	4		
17	C. K. Henderson, Cr.		
	By Cash on ℅,		20 00
	5		
17	Alexander Smith, Dr.		
	To 1 box Cheese 60 lbs. @ 23c.,	13 80	
	" 2 bbls. Potatoes @ $1.50,	3 00	16 80
	6		
17	Geo. W. Whitney, Dr.		
	To 1 bbl. Granulated Sugar,		15 20

Ledger

Dr. **C. H. Henderson** ***Cr.***

Date	Explanation		Amount		Date	Explanation		Am't	
Mar. 1	*To Mdse.*	66	*24*	*30*	*Mar.* 4	*By Cash*	67	*20*	*00*
" 10	"	66	*18*	*00*					
" 16	"	66	*45*	*25*					

Dr. **Geo. W. Whitney** ***Cr.***

Mar. 2	*To Mdse.*	66	*21*	*00*	*Mar.* 9	*By Cash*	67	*15*	*00*
" 6	"	66	*15*	*20*					
" 15	"	66	*13*	*08*					

Dr. **Webb & Hazard** ***Cr.***

Mar. 8	*To Cash*	67	*75*	*00*	*Mar.* 3	*By Mdse.*	66	*171*	*00*
" 18	"	66	*50*	*00*	" 12	"	66	*41*	*00*

Dr. **Alexander Smith** ***Cr.***

Mar. 5	*To Mdse.*	66	*16*	*80*	*Mar.* 13	*By Cash*	67	*10*	*00*

Explanation. The first amount on the debit side of Henderson's account, $24.30, is brought from the day-book, and as soon as entered in the ledger the number 66 is written in the first column to the left of the amount. This indicates the page in the day-book from which the amount has been brought. At the same time, in the day-book, the number 67 has been written opposite Henderson's name to indicate that the entry has been posted, and the ledger page on which it may be found.

Review

1. What is the ledger? 2. What does it exhibit? 3. What is posting? 4. Describe the method of posting. 5. What does the red-ink figure 67 in the first column of the day-book indicate? 6. In ledger, above, what does the red-ink figure 66 indicate? 7. What is an index? 8. What is its use?

SETS FOR PRACTICE

Set I

Robert S. Dayton has opened a bicycle and repair shop, and keeps a record of his business transactions in the cash-book, day-book, and ledger.

Suggestion. Put yourself in Robert S. Dayton's place and regard this set as a problem requiring an answer to the following important questions: 1. Who are the parties who owe me? 2. Whom do I owe? 3. What is the total value of my resources? 4. What are my liabilities? 5. What has been my net gain?

To the Teacher. Use your judgment as to whether the checks and drafts shall be written at the time of the transaction, or shall be made a special exercise after the day-book is finished. Each plan has its advantages and disadvantages.

At *either* the end of the month or at the end of each week, viz., on the 10, 17, 24, and 30, the cash account may be balanced and the amounts carried from the day-book to the ledger.

April 5. Began business with Cash on hand, $ 850.60.

Direction. Enter in cash-book on *Dr.* side, also in day-book. Thus, Robert S. Dayton, *Cr.* By Cash invested, $ 850.60.

April 5. Paid for set of books including ledger, day-book, and petty cash-book, $ 6.75.

Direction. Enter in cash-book on *Cr.* side.

April 5. Have opened an account with the First National Bank, and deposited $ 700.

Direction. No entry need be made in either the day-book or cash-book for money deposited. If you are provided with a check book, make an entry in the stub; thus: Deposited $ 700.

April 6. Bought from the Western Bicycle Co. on %, a stock of Bicycles, per invoice, $ 575.

Direction. Credit Western Bicycle Co. in day-book.

April 7. Have employed Wm. Hart, a machinist, agreeing to pay him $ 3.50 per day, and 50c. per hour for extra work.

Direction. It is sufficient to make a memorandum of this agreement in the day-book. As no one is either debited or credited, no amount should be entered in the money column.

April 8. Sold to James Fisher one Bicycle, Model "A," $100. He has paid Cash, $50, and agrees to pay the balance in 30 days.

Direction. Debit James Fisher in day-book for $100; also credit him for $50. Make an entry in cash-book.

April 8. Received for repairing Bicycles, $2.25.

" 9. Paid Western Bicycle Co. on %, per check on bank, $425.

Direction. Debit Western Bicycle Co. in day-book and credit Cash in cash-book. If you keep a check book, write out this check. The stub should always show the amount in bank after each check is drawn.

April 10. Paid Wm. Hart for work to date, $8.

Direction. In paying Wm. Hart in full, at the end of each week it is necessary to make the entry only in the cash-book.

April 12. Hired a boy who is to do errands and make himself useful in store, and who is to receive $4.50 per week.

Direction. Make memorandum in day-book.

April 12. Bought of Spalding & Bidwell, Bicycle Sundries per invoice, $172.50. Paid them Cash per check, $100.

Direction. Credit Spalding & Bidwell in day-book, also debit them for the amount of the check. Make an entry in cash-book also.

April 14. Sold to Frank Davis on %, 1 Cyclometer, $1.25; 1 bottle Machine Oil, 25c.; 1 Bicycle Lamp, $3.75; 1 Bicycle Bell, $1.50. Also charged him for repairing front wheel, 50c.

" 17. The Western Bicycle Co. have drawn a draft on us at 10 days' sight for the balance of their account, $150. Accepted the draft.

Direction. Make only memorandum in day-book, and then draw the draft and accept it properly. See form, page 49.

April 20. Paid rent for April, per check, $75.

" 22. James Fisher has paid us Cash to be applied to his account, $20.

" 23. Sold to the Ladies' Cycling Club, 6 Bicycles, Ladies' Model, @ $90, $540. Received in payment a check on Merchants' Bank.

Direction. Checks are entered as Cash when received.

April 23. Deposited in bank, $ 500.

Direction. Your check book should show all deposits.

April 24. Paid errand boy one week's wages, $ 4.50.
" 24. Paid Wm. Hart Cash for work to date, $ 35.50.
" 26. Sold for Cash, 1 Bicycle, Model "A," $ 100; 1 Luggage Carrier, $ 4.80; 1 Bicycle Stand, $ 2.00.
" 26. Deposited in bank, $ 220.
" 27. Paid per check, Western Bicycle Co.'s draft on us of the 17th, $ 150.

Direction. Debit the Western Bicycle Co. in the day-book. Make an entry also in cash-book.

April 28. Sold to Frank Davis on %, 1 Bicycle, Model "C," $ 80.
" 29. Cash received for repairs, $ 27.50.
" 30. Sold for Cash, 1 Tandem Bicycle, $ 150.
" 30. Paid errand boy to date, $ 3.75.
" 30. Paid Wm. Hart to date, $17.50.

When the amounts have been properly posted, the ledger accounts will be as follows:

Western Bicycle Co., total debit, $575; credit, $575. James Fisher, debit, $100; credit, $70. Spalding & Bidwell, debit, $100; credit, $172.50. Frank Davis, debit, $87.25.

The Cash on hand should be $921.15.

Merchandise unsold is valued at $65.70.

Required a statement showing the resources, liabilities, and net gain. See form, page 36.

Set II

May 4. J. B. Edwards, proprietor of a General Store in a small town, has on hand a stock of goods valued at $ 4270.35, also Cash on hand and in bank, $ 278.45.
" 4. Sold to S. W. Childs on %, 1 Lawn Mower, $ 5.25; 1 Scythe, $ 1.50; 5 gals. Maple Syrup, @ 60c., $ 3.00; 1 bbl. Flour, $ 4.75.
" 5. John Wells, a carpenter, has repaired floor in store and made new counters, for which we have credited him, $ 38.75.

May 6. Received Cash from petty sales, $ 87.30.

" 7. Bought on %c from Crawford & Mills, manufacturers, Boots and Shoes, per invoice, $ 137.60. Paid freight and cartage on same, $ 11.25.

" 8. Sold to Mrs. A. M. Boyd on %c, 8 lbs. Boneless Fish @ 12c., 96c.; 3 bottles French Sauce @ 23c., 69c.; 8 yds. Storm Serge @ 95c., $ 7.60.

" 9. Bought of Geo. Dillon two horses, valued @ $ 260. Paid him Cash, $ 60, and gave him our note @ 20 days, for $ 200.

" 11. Sold to B. L. Robinson on %c, 2 bu. Salt @ 45c., 90c.; 1 box Herring, 35c.; 1 Lantern, $ 1.75; 2 pairs Children Shoes @ $ 1.50, $ 3.00.

" 12. Gave John Wells an order on S. W. Childs for $ 10.

" 14. Received Cash for petty sales, $ 72.60.

" 15. Have ordered goods from Shaler & Logan, wholesale dealers, as follows: 5 Royal Lawn Mowers; 12 Screen Doors, 3 × 6; 10 Shovels (long handles); 5 kegs Nails, 8's; 3 kegs Nails, 10's. Write the order for these goods.

" 16. Received of Mrs. A. M. Boyd on %c, $ 5.00.

" 18. Loaned Frank Bell $ 50.00 and received his note @ 30 days.

" 19. Sold to S. W. Childs on %c, 1 Pitchfork, 75c.; 1 Hollow Plane, $ 1.25; 1 Lamp, $ 3.75.

" 20. Received Cash from petty sales, $ 49.80.

" 22. Paid Crawford & Mills Cash on %c, $ 120.

" 23. The goods ordered on the 15th have been received, and we have credited Shaler & Logan for $ 79.25. Paid freight on goods, $ 4.60.

" 25. Received for petty sales, Cash, $ 96.40.

" 26. Sold to B. L. Robinson on %c, 1 Clothes Wringer, $ 4.75; 1 Carpet Sweeper, $ 3.25; 2 Door Screens @ $ 2.00, $ 4.00.

" 27. Bought of James Booth on %c, a Two-seated Wagon, $ 125.

" 29. Gave John Wells an order on B. L. Robinson for $ 15.

" 29. Paid my note of the 9th, to Geo. Dillon, due this day, for $ 200.

May 30. James Booth has given John McCarty an order on us for groceries in our store to the value of $8.50, which has been filled.

" 30. Paid Shaler & Logan in full of %, $79.25.

" 30. Received Cash from petty sales, $127.30.

If no mistakes have been made, your ledger accounts will show the following results: S. W. Childs, debit, $20.25; credit, $10. John Wells, debit, $25; credit, $38.75. Crawford & Mills, debit, $120; credit, $137.60. Mrs. A. M. Boyd, debit, $9.25; credit, $5.00. B. L. Robinson, debit, $18.00; credit, $15.00. Shaler & Logan, debit, $79.25; credit, $79.25. James Booth, debit, $8.50; credit, $125.

Cash on hand ——?

Inventory of Merchandise, $4384.50.

Due from Frank Bell on his note, $50.

Required a statement.

Set III

Hardware Business

(Practice in Notes, Drafts, Checks, and Bills)

Nov. 4. James C. Hubbard began the Hardware business this day with the following resources: Cash on hand and in bank, $8154.25. Hardware per inventory, $6274.85. Paid rent for November, per check, $125.

Directions. Open an account in the ledger for the proprietor, and credit him for his total investment. Allow seven or eight lines for each account in the ledger.

Nov. 5. Bought of A. B. Cole & Co. on %, Merchandise per invoice, $2157.80. Have hired James Fanshaw as salesman, agreeing to pay him $14 per week. (Mem.) Received for Cash sales this day, $128.30.

" 6. Sold to E. G. Robinson on %, 1 Refrigerator, $23.50; 1 Washing Machine, $14.25; 1 Clothes Wringer, $6.75. Paid for Coal, 3 tons @ $5.25.

" 7. Bought of Union Mfg. Co. on %, Mdse. per invoice, $792.40.

" 8. Sold to Ellis & Dobson on %, 1 "B. S." Furnace, complete, $77.50; 1 ton Sash Weights, $24.30; 3 kegs 20*d.* Wire Nails @ $3.20; 2 kegs 8*d.* Wire Nails @ $2.95; 1 Lock, $6.25; 1 doz. No. 303 Locks, $5.25. Received in part payment, Cash, $50.

Nov. 9. Received for Cash sales, $ 117.20. Paid salesman, $ 14.

" 11. A. B. Cole & Co. have drawn a sight draft on us in their own favor for $ 500, which we have paid per check on North National Bank.

" 12. Sold to Geo. H. Perkins on %, 1 Carpet Sweeper, $ 5.50; 1 Ice Cream Freezer, $ 3.75; 1 doz. Knives and Forks, $ 5.40; 1 Hatchet, 75c.

" 13. Gave A. B. Cole & Co. our note @ 30 days for balance due on %, $ 1657.80. Received for Cash sales, $ 46.30.

" 15. Paid Union Manufacturing Co. on %, per check, $ 450.

" 16. Received for Cash sales, $ 138.45. Paid clerk, $ 14.

" 18. Sold A. J. Murphy, builder, on %, 5 kegs 20*d.* Wire Nails @ $ 3.20; 3 kegs 16*d.* Wire Nails @ $ 3.10; 2 Steel-clad Bath Tubs @ $ 25; 1 Novelty Furnace, complete, $ 67; 1 Brick Set Range, $ 23.50; 7 pr. Bronze Butts @ $ 1.40.

" 20. Bought of A. B. Cole & Co. on %, Merchandise per invoice, $ 258.35.

" 21. Sold to E. G. Shaw on %, 1 Laundry Stove, $ 11.50; 1 Coffee Mill, $ 1.75; 1 Carpet Stretcher, 80c.

" 22. Received from Ellis & Dobson on %, their check on Union National Bank for $ 35.

" 23. Received from Cash sales, $ 147.20. Paid for stationery, $ 7.45, and clerk hire, $ 14.

" 25. Drew a draft on A. J. Murphy @ 10 days' sight, for balance of his account, $ 175.60, and sent same to Union Manufacturing Co. to apply on their account.

" 26. Sold to Geo. H. Perkins on %, 1 Hand Saw, $ 1.45; 1 Oil Stove, $ 4.25.

" 27. Received of E. G. Shaw, Cash in full of %, $ 14.05.

" 28. Sold to A. J. Murphy on %, 2 Set Tubs @ $ 18.50; 3 Marble Basins @ $ 11.25; 1 ton Sash Weights, $ 24.30; 20 rolls Rosin Paper @ 80c.; 6 "S. D." Locks @ $ 1.45; 1 Front Door Lock, $ 7.

" 29. Paid for cartage, $ 3.25.

" 30. Received from Cash sales, $ 115.20. Paid for clerk hire, $ 14. Sent bill to E. G. Robinson for amount sold him on the 6th.

Inventory of Merchandise on hand, $8626.20. We owe A. B. Cole & Co. on our note, $1657.80.

The statement for the above set, when completed, should show a net gain for the month of $138.80.

Business forms to be written for preceding set: Draft on the 11th. Check on the 11th. Note on the 13th. Check on the 15th. Draft on the 25th. Bill on the 30th.

Set IV

(Continuation of Set III)

Dec. 2. James C. Hubbard, dealer in Hardware, has resources and liabilities on Dec. 2, as follows: Resources, — Cash on hand and in bank, $7788.50; Merchandise, per inventory, $8626.20; due from the following persons on %, — E. G. Robinson, $44.50; Geo. H. Perkins, $21.10; A. J. Murphy, $126.75; Ellis & Dobson, $43.80. Liabilities, — Due A. B. Cole & Co. on %, $258.35; Union Manufacturing Co., $166.80; and a note for $1657.80, payable to A. B. Cole & Co., due Dec. 13.

For the note make memorandum in day-book. No other entry need be made in the day-book for the above resources and liabilities if the accounts in the preceding set have been closed. When the balance is brought down in the ledger for each new account, the amounts should correspond with the amounts given above, and the proprietor's account will be credited for $14,567.90.

Dec. 3. Paid rent for December, per check, $125. Sold to Ellis & Dobson on %, 4 kegs 8*d*. Wire Nails @ $3; 2 kegs 10*d*. Wire Nails @ $3.10; 3 Double "S. D." locks @ $1.50; 5 prs. Bronze Butts @ $1.40.

" 4. Received of E. G. Robinson on %, his check on Merchants' Bank for $35.

" 5. Bought of Union Manufacturing Co., Merchandise per invoice, $342.50.

" 5. Hired Walter Marshall as clerk, agreeing to pay him $12 per week. (Mem.)

Dec. 6. Sold to T. J. Philips on %, 1 Step Ladder, $1.65; 1 Wheelbarrow, $4.50; 2 Chest Locks @ $1.35; 1 Treasure Box (9 × 6), $3.50.

" 7. Received for Cash sales, $152.90. Paid clerk hire, $20.

" 9. Bought Horse and Delivery Wagon from J. M. Harvey for $185. Paid him Cash, $60, and gave note @ 15 days for balance, $125. (C. B., also Mem. in D. B.)

" 10. Sold James LeRoy for Cash, 1 Parlor Stove, $14.50.

" 11. The Union Manufacturing Co. have drawn a draft @ 12 days' sight on us in favor of H. P. Wheeler, for $166.80, which we have accepted.

" 12. Sold to A. J. Murphy, builder, on %, 6 doz. Sash Lifts @ 60c.; 1 Grindstone, $2.75; 2 Jack Planes, No. 105, @ $3.40; 2 Smooth Planes, No. 104, @ $2.75; 4 kegs 8*d.* Wire Nails @ $3.

" 13. Paid our note to A. B. Cole & Co., due to-day, per check on North National Bank, $1657.80.

" 14. Received from Cash sales, $165.80. Paid clerk hire, $26.

" 16. Sold to E. G. Robinson, 1 Monitor Oil Stove, $12.50; 1 Zinc Stove Board, $1.50; 1 Student's Lamp, $3.75; 2 prs. Shelf Brackets @ 25c.

" 18. Bought of A. B. Cole & Co. on %, Merchandise, per invoice, $428.50.

" 20. Received of Ellis & Dobson on %, $50.

" 21. Received for Cash sales, $210.25. Paid clerk hire, $26.

" 23. Paid in Cash our acceptance of the 11th, $166.80.

" 24. Paid our note to J. M. Harvey due this day, per check, $125.

" 26. Sold to S. D. Thomas & Sons, builders, on %, 3 kegs 20*d.* Wire Nails @ $3; 2 kegs 10*d.* Wire Nails @ $3; 2 kegs 8*d.* Wire Nails @ $2.95; 1 Novelty Furnace, $65; 1 Steel-clad Bath Tub, $22.50; 6 prs. Bronze Butts @ $1.40.

" 27. Received of A. J. Murphy Cash on %, $100.

" 28. Received from Cash sales, $235.40. Paid clerk hire, $26.

" 30. Paid for repairs on wagon, $4.75. Sent to Ellis & Dobson a statement of their account.

Dec. 31. Received of Geo. H. Perkins, his check on Mechanics' Bank for the balance of his account, $ 21.10.

Inventory of Merchandise on hand, $ 8920.25.
Net Gain, $ 96.90.
Required a statement.

Direction. Close the proprietor's account after entering on the credit side his net gain.

Business forms required for the preceding set.

Check on the 3d. Note on the 9th. Draft on the 11th. Check on the 13th. Check on the 24th. Statement of personal account on the 30th.

For additional exercises in Short Sets, see page 96.

Example A

Remarks. In the following Example you will find fully illustrated a complete set of books, consisting of the day-book, cash-book, sales-book, bill-book, and ledger.

The books required in a complete set depend entirely upon the nature and extent of the business. In a small business, or even in a large business, when the transactions are chiefly for Cash, the day-book, in some form, with the cash-book, may answer all requirements as books of original entry, while in a larger business these books alone would be very inconvenient if not totally inadequate.

It is easy to understand how the day-book entries may be divided and written in various books. For example, a separate book may be used exclusively for sales, called a sales-book, another for purchases, called an invoice-book, and still another for notes and drafts, called a bill-book.

Other auxiliary books are sometimes used, but it is the aim of this work to confine the attention of the beginner to the essential forms only.

The sales-book, which is explained on another page, is here thrown in as a suggestion of what may be accomplished by Single Entry, a system which, although inferior to Double Entry, has been satisfactory to thousands of successful merchants.

The Books

The **Sales-Book** is employed exclusively as a record of the sales of Merchandise. In almost every business there are two kinds of sales, called time sales, and Cash sales. The

Cash sales in this example have been entered in the cash-book, as in the preceding sets, but the time sales, that is, the sales to persons on account, and on notes, have been entered in the sales-book. From this book the amounts have been carried directly to the ledger, each person being debited for the amount of his purchases. If, however, the sale was not on account, but on a note, the amount has been carried from the sales-book to the bill-book.

The day-book remains the same as in former examples, except that all sales are omitted. The other books used in this set, cash-book, bill-book, and ledger, have been fully explained in the preceding pages.

It is designed that the sales-book, as well as the day-book, should be posted at the end of each week, and at the same time the cash-book balanced and the footings entered for all the books.

Transactions for Example A

Rochester N. Y., Sept. 4, 189–. Robert Taylor and James Scott have this day entered into partnership for the purpose of carrying on the Furniture and Carpet business. The name of the firm is to be Taylor & Scott, and the gains and losses are to be divided equally.

Robert Taylor invests Merchandise, per inventory, $ 4320; Store Fixtures, $ 540; Cash, per cash-book, $ 1240. Also an account against Samuel Archer for $ 275. The firm assumes to pay for Taylor his note of $ 530, to F. J. Miller, due Sept. 25.

James Scott invests Cash, $ 5000. They have opened an account with the North National Bank, depositing $ 5800 in the name of the firm.

First Week

Sept. 5. Sold Geo. W. Clark on %, 1 Oak Extension Table, $ 22; 6 Dining Chairs @ $ 3; 40 yds. Carpet @ 90c. Paid for stationery and postage, $ 1.90.

" 6. Bought Merchandise of Long & Bennett on %, per invoice, $ 974.50. Sold Merchandise to James Turner for Cash, $ 32.75.

Sept. 7. Sold Howard Stanton on %, 1 Bookcase, $75; 1 Library Table, $42; 2 Revolving Chairs @ $10. Paid store rent for Sept., $120.

" 8. Sold to S. W. Sherwood, on his note at 5 days, 1 Mahogany Table, $40; 1 Folding Bed, $80. Paid Long & Bennett on %, per check, $300.

Remark. Many book-keepers omit from the day-book transactions like the last, posting such entries in the ledger directly from the cash-book.

Sept. 9. Geo. W. Clark has paid us Cash on %, $50. Sold Edwin Banks on %, 2 Cherry Beds @ $40; 2 Cherry Bureaus @ $50; 2 Cherry Wash-stands @ $20; 4 Easy-chairs @ $12. Received for Cash sales this day, $528.40. Deposited in bank, $887.

Second Week

Sept. 11. Sold Chas. A. Shepard on %, 40 yds. Velvet Carpet @ $1.50; 30 yds. Brussels Carpet @ 95c.; 2 rolls Matting @ $10. Paid for printing and stationery, $12.

" 12. Gave Long & Bennett on %, our note @ 15 days for $500. Paid for repairs on store, $6.40.

" 13. Sold to Wm. Coleman Merchandise per bill. Received in payment his check, $37.50.

" 14. Received of S. W. Sherwood $120 in payment of his note due to-day. Bought Merchandise of Parker & Hale per invoice, $642.75. Gave in part payment check for $200. Sold to Geo. W. Clark on %, 1 Brass Bed, $65; 1 Chiffonier, $43; 3 Chairs @ $12.50.

" 15. Sold to A. G. Burke, on note @ 30 days, 1 Parlor Suit, $137.50; 80 yds. Royal Wilton Carpet @ $1.35. Received of Edwin Banks Cash on %, $25.

" 16. Bought of Star Manufacturing Co. on %, Merchandise per invoice, $312.70. Paid cartage, $2.25. Received for Cash sales, $417.65. Deposited in bank, $580.

Third Week

Sept. 18. Received of Edwin Banks, Cash, $43, and his note @ 10 days for balance, $200. Sold to Chas. A. Shepard on %, 1 Brass Bed, $57.30.

" 19. Long & Bennett have drawn a draft on us in their own favor, @ 10 days' sight, for balance of their account, $174.50. Accepted same. Paid clerk hire, $25.

" 20. Sold to A. W. White for Cash Merchandise per bill, $132.50. Received of Chas. A. Shepard his note @ 30 days on %, $108.50.

" 21. Bought Delivery Wagon, $135, and paid for same with check. Sold to Edwin Banks on %, 1 roll Matting, $10; 2 Japanese Rugs @ $2.50; 1 Smyrna Rug, $11.50.

" 22. Have drawn a sight draft on Samuel Archer for balance of his account, $275, in favor of Star Manufacturing Co. James Scott has drawn Cash for private use, $175.

" 23. Sold to Geo. Fischer & Co. 50 yds. Brussels Carpet @ $1.20; 1 Chiffonier, $45; 1 Folding Bed, $80. Received for Cash sales, $457.80. Deposited in bank, $400.

Fourth Week

Sept. 25. Sold to Robert Fuller, on his note @ 60 days, 1 Parlor Suit, $225; 100 yds. Velvet Carpet @ $1.50; 1 Cabinet, $60; 1 Parlor Table, $40. Paid per check our note to J. F. Miller, due to-day, $530.

" 26. Sold Geo. Fischer & Co. on %, 2 Easy-chairs @ $12.50; 1 Bookcase, $53.75. Sold to D. R. Gay for Cash Merchandise per bill, $198.40. Paid for insurance on goods, $28.

" 27. Paid per check our note of the 12th to Long & Bennett, $500. Received of Howard Stanton Cash on %, $60. Bought Merchandise of J. R. Spencer, per invoice, $350, and gave in payment our note @ 30 days.

Sept. 28. Received from Edwin Banks, in payment of his note due to-day, his check for $200. Paid clerk hire, $30.

" 29. Sold to Samuel Archer on %, 1 Sideboard, $68; 1 Extension Table, $36.60; 2 Smyrna Rugs @ $37; 106 yds. Velvet Carpet @ $1.20. Bought of Long & Bennett on %, Merchandise per invoice, $450. Paid cartage on goods, $3.40. Paid per check our acceptance, being Long & Bennett's draft of the 19th for $174.50.

" 30. Paid per check Parker & Hale's sight draft on us in their favor for $175. Sold to Howard Stanton on %, 1 Center Table, $22.25; 1 Secretary, $35. Received from Cash sales, $595.60. Robert Taylor has drawn Cash for private use, $150. Deposited in bank, $775.

Inventory of Merchandise valued at $2935.45.
Inventory of Store Fixtures valued at $670.

Day-Book, Example A

Rochester, N.Y., Sept. 4, 189–

ROBERT TAYLOR,	*Cr.*				
By Merchandise, per inventory,		4320	00		
" Store Fixtures,		540	00		
" Cash, per C. B.,		1240	00		
" Samuel Archer's %,		275	00	6375	00
CONTRA,	*Dr.*				
To note to J. F. Miller, per B. B.,				530	00
4					
JAMES SCOTT,	*Cr.*				
By Cash, per C. B.,				5000	00
4					
SAMUEL ARCHER,	*Dr.*				
To amount due Robert Taylor,				275	00

Rochester, N. Y., Sept. 6, 189–

LONG & BENNETT, *Cr.*				
By Merchandise, per inventory,			974	50
8				
LONG & BENNETT, *Dr.*				
To Check,			300	00
9				
GEO. W. CLARK, *Cr.*				
By Cash on %,			50	00
Second Week				
12				
LONG & BENNETT, *Dr.*				
To Note @ 15 days,			500	00
14				
PARKER & HALE, *Cr.*				
By Merchandise,			642	75
CONTRA, *Dr.*				
To Check,			200	00
15				
EDWIN BANKS, *Cr.*				
By Cash,			25	00
16				
STAR M'F'G CO., *Cr.*				
By Merchandise,			312	70
Third Week				
18				
EDWIN BANKS, *Cr.*				
By Cash,	43	00		
" Note to balance %,	200	00	243	00
19				
LONG & BENNETT, *Dr.*				
To Accepted Draft,			174	50

Rochester, N.Y., Sept. 20, 189–

CHAS. A. SHEPARD, *Cr.*		
By note @ 30 days,		108 50
22		
SAMUEL ARCHER, *Cr.*		
By draft (favor of) Star M'f'g Co.,		275 00
22		
STAR M'F'G CO., *Dr.*		
To draft on Samuel Archer,		275 00
22		
JAMES SCOTT, *Dr.*		
To Cash,		175 00
Fourth Week		
27		
HOWARD STANTON, *Cr.*		
By Cash on %,		60 00
29		
LONG & BENNETT, *Cr.*		
By Merchandise, per invoice,		450 00
30		
PARKER & HALE, *Dr.*		
By Check		175 00
30		
ROBERT TAYLOR, *Dr.*		
By Cash,		150 00

Sales-Book, Example A

Rochester, N. Y., Sept. 5, 189–

GEO. W. CLARK, On %.			
To 1 Oak Extension Table,	22 00		
" 6 Dining Chairs @ $3,	18 00		
" 40 yds. Carpet @ 90c.,	36 00	76	00
7			
HOWARD STANTON, On %.			
To 1 Bookcase,	75 00		
" Library Table,	42 00		
" 2 Revolving Chairs @ $10,	20 00	137	00
8			
S. W. SHERWOOD, Note @ 5 days.			
To 1 Mahogany Table,	40 00		
" 1 Folding Bed,	80 00	120	00
9			
EDWIN BANKS, On %.			
To 2 Cherry Beds @ $40,	80 00		
" 2 " Bureaus @ $50,	100 00		
" 2 " Wash-stands @ $20,	40 00		
" 4 Easy-chairs @ $12,	48 00	268	00
Second Week			
11			
CHAS. A. SHEPARD, On %.			
To 40 yds. Velvet Carpet @ $1.50,	60 00		
" 30 yds. Brussels Carpet @ 95c.,	28 50		
" 2 rolls Matting @ $10,	20 00	108	50
14			
GEO. W. CLARK, On %.			
To 1 Brass Bed,	65 00		
" 1 Chiffonier,	43 00		
" 3 Chairs @ $12.50,	37 50	145	50
15			
A. G. BURKE, Note @ 30 days.			
To 1 Parlor Suit,	137 50		
" 80 yds. Royal Wilton Carpet @ $1.35,	108 00	245	50

Rochester, Sept. 18, 189–

	Third Week			
	18			
CHAS. A. SHEPARD,	On %.			
To 1 Brass Bed,				57 30
	21			
EDWIN BANKS,	On %.			
To 1 roll Matting,		10	00	
" 2 Japanese Rugs @ $2.50,		5	00	
" 1 Smyrna Rug,		11	50	26 50
	23			
GEO. FISCHER & Co.,	On %.			
To 50 yds. Brussels Carpet @ $1.20,		60	00	
" 1 Chiffonier,		45	00	
" 1 Folding Bed,		80	00	185 00
	Fourth Week			
	25			
ROBERT FULLER,	Note @ 60 days.			
To 1 Parlor Suit,		225	00	
" 100 yds. Velvet Carpet @ $1.50,		150	00	
" 1 Cabinet,		60	00	
" 1 Parlor Table,		40	00	475 00
	26			
GEO. FISCHER & Co.,	On %.			
To 2 Easy-chairs @ $12.50,		25	00	
" 1 Bookcase,		53	75	78 75
	29			
SAMUEL ARCHER,	On %.			
To 1 Sideboard,		68	00	
" 1 Extension Table,		36	60	
" 2 Smyrna Rugs @ $37,		74	00	
" 106 yds. Velvet Carpet @ $1.20,		127	20	305 80
	30			
HOWARD STANTON,	On %.			
To 1 Center Table,		22	25	
" 1 Secretary,		35	00	57 25

Bill-Book, Example A

Bills Receivable

No.	When Received	For what Received	Maker or Drawee	In whose Favor	Date	Time	When Due	Amount	When and How Disposed of
1	Sept. 8	Merchandise	S. W. Sherwood	Taylor & Scott	Sept. 8	5 days	Sept. 13	$120.00	Paid Sept. 14
2	Sept. 15	Merchandise	A. G. Burke	Taylor & Scott	Sept. 15	30 days	Oct. 15	245.50	
3	Sept. 18	In full of %	Edwin Banks	Taylor & Scott	Sept. 18	10 days	Sept. 28	200.00	Paid Sept. 28
4	Sept. 20	In full of %	Chas. A. Shepard	Taylor & Scott	Sept. 20	30 days	Oct. 20	108.50	
5	Sept. 25	Merchandise	Robert Fuller	Taylor & Scott	Sept. 25	60 days	Nov. 24	475.00	

Bills Payable

No.	When Issued	For what Issued	Maker or Drawee	In whose Favor	Date	Time	When Due	Amount	When and How Disposed of
1	Aug. 26	Merchandise	Robert Taylor	J. F. Miller	Aug. 26	30 days	Sept. 25	$530.00	Paid Sept. 25
2	Sept. 12	On %	Taylor & Scott	Long & Bennett	Sept. 12	15 days	Sept. 27	500.00	Paid Sept. 27
3	Sept. 19	On %	Taylor & Scott	Long & Bennett	Sept. 19	10 days' sight	Sept. 29	174.50	Paid Sept. 29
4	Sept. 27	Merchandise	Taylor & Scott	J. R. Spencer	Sept. 26	30 days	Oct. 26	350.00	

Cash ***Dr.***

Sept.	4	Robert Taylor,	investment,	1240	00		
"	4	James Scott,	"	5000	00		
"	6	Merchandise,	sold to James Turner,	32	75		
"	9	Geo. W. Clark,	on account,	50	00		
"	9	Merchandise sales,		528	40	6851	15
						6851	15
Sept.	12	Amount on hand,				6429	25
"	13	Merchandise,	sold to Wm. Coleman,	37	50		
"	14	Bills Receivable,	Sherwood's note,	120	00		
"	15	Edwin Banks,	on account,	25	00		
"	16	Merchandise sales,		417	65	600	15
						7029	40
Sept.	18	Amount on hand,				6808	75
"	18	Edwin Banks,	on account,	43	00		
"	20	Merchandise,	sold to A. W. White,	132	50		
"	23	Merchandise sales,		457	80	633	30
						7442	05
Sept.	25	Amount on hand,				7107	05
"	26	Merchandise,	sold to D. R. Gay,	198	40		
"	27	Howard Stanton,	on account,	60	00		
"	28	Bills receivable,	Edwin Banks' note,	200	00		
"	30	Merchandise sales,		595	60	1054	00
						8161	05

Cash ***Cr.***

Sept.	4	Expense,	postage and stationery,	1	90		
"	7	Expense,	rent for September,	120	00		
"	8	Long & Bennett,	per check,	300	00	421	90
"	9	Balance,				6429	25
						6851	15
Sept.	11	Expense,	printing and stationery,	12	00		
"	11	Expense,	repairs on store,	6	40		
"	14	Parker & Hale,	per check,	200	00		
"	16	Expense,	cartage,	2	25	220	65
"	16	Balance,				6808	75
						7029	40
Sept.	19	Expense,	clerk hire,	25	00		
"	21	Expense,	delivery wagon, per check,	135	00		
"	22	James Scott,	for private use,	175	00	335	00
"	23	Balance,				7107	05
						7442	05
Sept.	25	Bills Payable,	note to J. E. Miller, per check,	530	00		
"	26	Expense,	insurance on goods,	28	00		
"	27	Bills Payable,	note to Long & Bennett, per check,	500	00		
"	28	Expense,	clerk hire,	30	00		
"	29	Expense,	cartage,	3	40		
"	29	Bills Payable,	Long & Bennett's draft, per check,	174	50		
"	30	Parker & Hale,	sight draft, per check,	175	00		
"	30	Robert Taylor,	private use,	150	00	1590	90
"	30	Balance,				6570	15
						8161	05

Ledger, Example A

Dr. ***Robert Taylor*** (Proprietor) ***Cr.***

Sept.	4	To Note		580	00	Sept.	4	By Inventory		6375	00
"	30	" Cash		150	00						

Dr. ***James Scott*** (Proprietor) ***Cr.***

Sept.	22	To Cash		175	00	Sept.	4	By Cash		5000	00

Dr. ***Samuel Archer*** ***Cr.***

Sept.	4	To amount due Taylor		275	00	Sept.	22	By Draft		275	00
"	29	" Merchandise		305	80						

Dr. ***Long & Bennett*** ***Cr.***

Sept.	8	To Check		300	00	Sept.	6	By Merchandise		974	50
"	12	" Note 15 ds.		500	00	"	29	" "		450	00
"	19	" Acceptance		174	50						

Dr. ***Geo. W. Clark*** ***Cr.***

Sept.	5	To Merchandise		76	00	Sept.	9	By Cash on a/c		50	00
"	14	" "		145	50						

Dr. ***Parker & Hale*** ***Cr.***

Sept.	14	To Check		200	00	Sept.	14	By Merchandise		642	75
"	30	" "		175	00						

Dr. ***Edwin Banks*** ***Cr.***

Sept.	9	To Merchandise		268	00	Sept.	15	By Cash		25	00
"	21	" "		26	50	"	18	" Sundries		243	00

Dr. **Star Manufacturing Co.** ***Cr.***

Sept.	22	To Draft on Archer		275	00	Sept.	16	By Merchandise		312	70

Dr. **Howard Stanton** ***Cr.***

Sept.	7	To Merchandise		137	00	Sept.	27	By Cash		80	00
"	30	" "		57	25						

Dr. **Chas. A. Shepard** ***Cr.***

Sept.	11	To Merchandise		108	50	Sept.	20	By Note at 30 ds		108	50
"	18	" "		57	30						

Dr. **Geo. Fischer & Co.** ***Cr.***

Sept.	23	To Merchandise		185	00						
"	26	" "		78	75						

Abstract of Ledger, Example A

	Accounts	*Dr.*		*Cr.*	
	Robert Taylor (Proprietor),	680	00	6375	00
	James Scott (Proprietor),	175	00	5000	00
	Samuel Archer,	580	80	275	00
	Long & Bennett,	974	50	1424	50
	Geo. W. Clark,	221	50	50	00
	Parker & Hale,	375	00	642	75
	Edwin Banks,	294	50	268	00
	Star Manufacturing Co.,	275	00	312	70
	Howard Stanton,	194	25	60	00
	Chas. A. Shepard,	165	80	108	50
	Geo. Fischer & Co.,	263	75		
		4200	10	14516	45

Statement

RESOURCES —				
Bills Receivable, per B. B.,	829	00		
Merchandise, per inventory,	2935	45		
Store Fixtures, per inventory,	670	00		
Cash on hand,	6570	15		
Samuel Archer,	305	80		
Geo. W. Clark,	171	50		
Edwin Banks,	26	50		
Howard Stanton,	134	25		
Chas. A. Shepard,	57	30		
Geo. Fischer & Co.,	263	75	11963	70
LIABILITIES —				
Bills Payable, per B. B.,	350	00		
Long & Bennett,	450	00		
Parker & Hale,	267	75		
Star Manufacturing Co.,	37	70	1105	45
Net Capital,			10858	25
Capital at beginning or Net Investment,			10520	00
Net Gain,			338	25
Robert Taylor's Net Investment,	5695	00		
" " ½ Net Gain,	169	13		
" " Net Capital,			5864	13
James Scott, Net Investment,	4825	00		
" " ½ Net Gain,	169	12		
" " Net Capital,			4994	12

Set V

Remark. This set may be worked by the use of a special sales-book, as in Example A, or by using merely the day-book for all sales, as illustrated in the earlier sets. In either case, at the end of each week the transactions should be posted and the cash account balanced.

Rochester, N.Y., Oct. 2, 189–. Taylor & Scott having dissolved partnership, Robert Taylor continues the Furniture business recorded in Example A, with the following resources and

liabilities. Resources: Cash on hand and in bank, $1576.03; Merchandise per inventory, $2935.45; Store Fixtures, $670; A. G. Burke's note for $245.50; Chas. A. Shepard's note for $108.50; Robert Fuller's note for $475; Samuel Archer's %, $305.80; Geo. W. Clark's %, $171.50; Edwin Banks' %, $26.50; Howard Stanton's %, $134.25; Chas. A. Shepard's %, $57.30; Geo. Fischer & Co.'s %, $263.75. Liabilities: Due J. R. Spencer on note, $350; Long & Bennett on %, $450; Parker & Hale on %, $267.75; Star Manufacturing Co. on %, $37.70.

Direction. Credit the account of Robert Taylor, proprietor, in the ledger for the sum of the above resources, and debit his account for the sum of the liabilities. Also in the ledger open an account with each person who owes the firm, debiting him for the amount he owes. Enter in the bill-book (Bills Receivable) the different amounts due on notes. Credit in the ledger each person the firm owes. The note due J. R. Spencer should be entered in the bill-book (Bills Payable).

Oct. 3. Bought of Long & Bennett on %, Merchandise per invoice, $126.50.

" 4. Sold to Samuel Archer on %, 1 Parlor Suit, $72.50; 1 Bedroom Suit, $38.75.

" 5. Paid rent for October per check, $120.

" 6. Received of Geo. W. Clark Cash on %, $87.50. Sold to Edwin Banks on %, 60 yds. Velvet Carpet @ $1.25; 1 Extension Table, $14.50; 1 Bookcase, $32.75.

" 7. Paid clerk hire, $27. Received for Cash sales, $235.60.

Second Week

Oct. 9. Sold to Chas. A. Shepard on %, 1 Revolving Chair, $11.50; 1 Library Table, $21.25; 1 Chiffonier, $32. Paid Parker & Hale on %, per check, $175.

" 10. Received from Samuel Archer his note @ 30 days to balance his %, $417.05.

" 11. Sold to Howard Stanton on %, 36 yds. Brussels Carpet @ 90c.; 2 rolls Matting @ $8.25; 2 Smyrna Rugs @ $4.75. Received for Cash sales, $25.

Oct. 12. Paid for printing circulars, $3.80. Received from Edwin Banks on %, his check for $100.

" 13. Sold Geo. Fischer & Co. on %, 1 Smyrna Rug (10 × 12), $27. Received of Chas. A. Shepard Cash on %, $50.

" 14. Received for Cash sales, $475.60. Paid clerk hire, $30; cartage, $4.

Third Week

Oct. 16. Received of A. G. Burke $245.50, in payment of his note of Sept. 15.

" 17. The Star Manufacturing Co. have drawn their sight draft on us for balance due, $37.70, which we have paid per check. Paid for advertising, $12.50.

" 18. Sold to Geo. W. Miller on %, 37 yds. Ingrain Carpet @ 95c.; 6 Dining Chairs @ $1.75; 1 Extension Table, $14.75. Paid, per check, Long & Bennett's sight draft on us for $420.

" 19. Bought of H. H. Gilbert, on our note at 20 days, Merchandise per invoice, $158.50 (B. B. only). Received of Geo. W. Clark Cash in full of his %, $84.

" 20. Sold to Martin Ryder, on his note @ 1 mo., 1 Mahogany Bookcase, $85; 1 Library Table, $32.50; 1 Revolving Chair, $12.25. Received Cash of Chas. A. Shepard, in payment of his note of Sept. 20, $108.50.

" 21. Sold Edwin Banks on %, 1 Oak Folding Bed, $48.50; 28 yds. Stair Carpet @ 95c. Received for Cash sales, $380.40. Paid clerk hire, $30.

Fourth Week

Oct. 23. Received of Geo. W. Miller on %, Cash, $25. Sold to Geo. W. Clark, 1 Brass Bed, $38.75; 1 Hair Mattress, $21.50. Paid for cartage, $7.50.

" 24. Have drawn a draft on Chas. A. Shepard for balance of his %, $72.05, and sent same to Parker & Hale to apply on their %. Received Cash of Geo. Fischer & Co. on %, $105.

Oct. 25. Sold to Howard Stanton on %, 50 yds. Brussels Carpet @ $1.20; 1 Rocker, $3.75. Paid sundry expenses, $1.35.

" 26. Bought of Long & Bennett Merchandise per invoice, $108.80. Have paid per check our note to J. R. Spencer of Sept. 26, for $350, due to-day.

" 27. Paid Parker & Hale Cash to balance their %, $20.70.

" 28. Received for Cash sales, $416.35. Paid clerk hire, $30.

" 30. Long & Bennett have drawn a draft on us @ 10 days' sight for $150, which we have accepted.

Inventory of Merchandise on hand, $1425.65.
Inventory of Store Fixtures, $650.
Net Gain, $116.10.

Dr.	*Abstract of Ledger*	*Cr.*
$1105.45	Robert Taylor (Proprietor),	$6969.58
417.05	Samuel Archer,	417.05
231.75	Geo. W. Clark,	171.50
223.85	Edwin Banks,	100.00
256.40	Howard Stanton,	
122.05	Chas. A. Shepard,	122.05
290.75	Geo. Fischer & Co.,	105.00
570.00	Long & Bennett,	685.30
267.75	Parker & Hale,	267.75
37.70	Star Manufacturing Co.,	37.70
60.40	Geo. W. Miller,	25.00

Business Forms. Checks on the 5th, 9th, and 18th. Drafts on the 18th, 24th, and 30th. Notes on the 10th, 19th, and 20th.

Set VI

Pittsburg, Nov. 3, 189–. James Hall began the Grocery business this day, with Merchandise on hand valued at $3250.40; Cash on hand and in bank, $3520.60; Store Fixtures, $320. He owes Geo. Eastman on a note dated Oct. 15, payable in 30 days, $275.

Nov. 4. Bought of Joseph Roberts & Co. on %, Merchandise per invoice, $ 692.50. Paid rent for November, $ 80.

" 5. Sold to J. W. Thompson on %, 1 bbl. Flour, $ 5; 25 lbs. Creamery Butter @ 30c.; 5 lbs. Y. H. Tea @ 70c.; 6 gals. Maple Syrup @ $ 1.40. Paid for insurance on goods, $ 15.50.

" 6. Bought of Tilford & Potter on %, Merchandise per invoice, $ 425.75. Received for Cash sales, $ 48.65.

" 7. Sold to S. E. Wallace on %, 50 lbs. Sugar @ 5c.; 24 cans Tomatoes @ 12c.; 24 cans Corn @ 15c.; 1 box Laundry Soap, $ 5. Joseph Roberts & Co. have drawn a draft on us @ 10 days' sight for $ 245, in favor of C. C. Perrin. Accepted same.

" 8. Received of J. W. Thompson, Cash on %, $ 8.50. Paid for clerk hire, $ 16. Received from Cash sales, $ 74.30.

Second Week

Nov. 10. Sold E. R. Gordon on his note, @ 30 days, 10 bbls. Flour @ $ 5.50; 4 bbls. Sugar, 1320 lbs. @ 5½c. Received for Cash sales, $ 38.60.

" 11. Paid Tilford & Potter on %, per check, $ 125. Credited John Milligan for carting goods, $ 7.25.

" 12. Sold to A. C. Forbes on %, 50 lbs. Coffee @ 35c.; 40 lbs. Dried Apples @ 10c.; 25 lbs. Rice @ 8c.; 1 Cheese, 52 lbs. @ 16c. Bought for Cash a Horse and Delivery Wagon, $ 265. Received for Cash sales, $ 63.20.

" 13. Paid for New Counter in store, $ 13.75. Sold to Scott McArthur on %, 1 box Cranberries, $ 3.60; 15 doz. Eggs @ 25c.; 30 lbs. Butter @ 30c.; 1 box Laundry Soap, $ 4. Received of S. E. Wallace, Cash in full of his %, $ 13.98.

" 14. Paid per check my note due to-day to Geo. Eastman, $ 275. Received for Cash sales, $ 72.40.

" 15. Paid for clerk hire, $ 16. Received for Cash sales, $ 84.95.

Third Week

Nov. 17. Paid per check our acceptance of the 7th, due this day, $245. Received for Cash sales, $52.40.

" 18. Bought of Clark & Denning, on our note @ 30 days, Merchandise per invoice, $157.80. Paid for advertising, $12.60. Received of A. C. Forbes on %, $15.

" 19. Sold to David Lock, on his note @ 20 days, 1 box Codfish, $6.40; 1 bag Coffee, $14.80; 1 half chest Oolong Tea, $12.60; 2 bbls. Granulated Sugar, 660 lbs. @ 5½c. Received for Cash sales, $67.50.

" 20. Sold to J. W. Thompson on %, 10 lbs. Coffee @ 40c; 4 pails Leaf Lard @ 65c.; 5 cans Condensed Milk @ 18c.; 20 lbs. Prunes @ 15c.; 1 box Soap, $4.25. Received for Cash sales, $76.15.

" 21. Bought of Joseph Roberts & Co. on %, Merchandise per invoice, $186.35. Paid freight on goods, $3.70.

" 22. Received for Cash sales of Merchandise, $88.20. Paid clerk hire, $16.

Fourth Week

Nov. 24. Sold S. E. Wallace on %, 2 bbls. Potatoes @ $2.75; 2 lbs. Black Tea @ 75c.; 1 box Herrings, $2.25; 24 lbs. Dried Ham @ 12c. Received from Cash sales, $41.70.

" 25. Received from Scott McArthur on %, Cash, $14.50. Paid for repairing wagon, $3.25.

" 26. Paid per check Joseph Roberts & Co.'s sight draft on us for $450. Received for Cash sales, $68.40.

" 27. Sold to A. C. Forbes on %, 3 bbls. Soda Crackers @ $4.20; 6 boxes Butter Crackers @ $1.75; 1 box Raisins, $5; 2 bbls. Apples @ $4.50. Received for Cash sales, $71.25.

" 28. Gave John Milligan, in full of his %, an order on J. W. Thompson for $7.25. Paid for Coal, 2 tons @ $5.25.

" 29. Sold to Scott McArthur on %, 1 box Florida Oranges, $4.75; 1 bbl. Flour, $5.25; 1 box Soap, $2.75. Received from Cash sales, $95.60. Paid clerk hire, $16. Proprietor drew Cash for private use, $120.

Inventory of Unsold Property, — Merchandise, $3668.00; Store Fixtures, $320.00; Horse and Wagon, $265.00.

Net Gain?

Dr.	*Abstract of Ledger*	*Cr.*
$395.00	James Hall (proprietor),	$7091.00
695.00	Joseph Roberts & Co.,	878.85
39.15	J. W. Thompson,	15.75
125.00	Tilford & Potter,	425.75
26.11	S. E. Wallace,	13.98
7.25	John Milligan,	7.25
68.92	A. C. Forbes,	15.00
33.10	Scott McArthur,	14.50

Business Forms. Checks on the 11th, 14th, and 26th. Notes and drafts on the 7th, 10th, 18th, 19th. Order on the 28th.

SHORT SETS

Set VII

Single entry is particularly adapted to a small business, or one in which there is not a great variety of transactions. It is also well adapted to a large business where the sales and purchases are principally for Cash.

A Farmer's Account

Transactions of James McMaster, a farmer:

(Use cash-book and ledger.)

March 1. Cash on hand, $27.45.
" 2. Bought of Wm. J. Parsons, 1 bbl. Flour, $6.25; 20 lbs. Sugar @ 6c.
" 4. Sold for Cash, 1 ton Hay, $14.
" 6. Paid for repairing wagon, $3.25.

March 8. Sold to Wm. J. Parsons, 12 bu. Potatoes @ 60c.; 4 doz. Eggs @ 22c.

" 9. Credited John Morris for one week's work, $ 6.60.

" 11. Paid State and County Taxes, $ 21.70.

" 13. Credited Geo. Brown for shoeing horses, $ 2.30.

" 15. Sold for Cash 3 bbls. Apples @ $ 2.90.

" 17. Bought of Wm. J. Parsons, 1 pr. Boots, $ 4.75; 10 yds. Sheeting @ 18c. Paid him $ 3 on %.

" 18. Paid John Morris on %, $ 5.

" 20. Paid traveling expenses to city, $ 3.85.

" 22. Sold for Cash 1 yoke of Oxen, $ 58.

" 23. Credited John Morris for 4 days' work @ $ 1.10, $ 4.40.

" 25. Sold Wm. J. Parsons on %, 20 lbs. Butter @ 21c.; 7 doz. Eggs @ 20c. Bought from him, 3 gals. Molasses @ 38c.; 6 yds. Flannel @ 40c.; 3 gals. Kerosene Oil @ 15c.

" 27. Credited Geo. Brown for mending plow, $ 1.50.

" 30. Paid for Medicines, $ 1.35.

" 31. Sold for Cash 10 bu. Potatoes @ 65c.

Required a statement.

Set VIII

A Merchant Tailor's Account

Books required, — cash-book, ledger, and day-book (in this business generally called an order-book), also a check book.

April 3. James Arnold began business with a stock of goods on hand valued at $ 975.40; also Cash on hand and in bank, $ 327.80.

" 4. Sold for Cash, 1 Coat and Vest (ready made), $ 14.50.

" 5. Paid for Coal, 2 tons @ $ 4.75.

" 6. Bought of Brown Bros. on %, an invoice of goods amounting to $ 142.75.

" 7. S. C. Wallace has ordered a suit of clothes, $ 32.50, to be finished Tuesday, the 11th, and has paid a deposit of $ 10 on same. (Order-book and cash-book.)

" 8. Sold to James Baker on %, 1 Suit (ready made), $ 18.50. Received of him $ 12 in part payment.

April 10. Paid workman's wages, $7.50. Received order from Joseph Reed for 1 Spring Overcoat, $24, to be finished Thursday, the 13th.

" 11. Delivered to S. C. Wallace his suit, ordered on the 7th. Received the balance due on same, $22.50.

" 12. Paid rent for April, $50.

" 13. Delivered to Joseph Reed an overcoat, ordered on the 10th. Received from him Cash on %, $15.

" 14. Received for Cash sales, $38.40.

" 15. Robert Patterson has ordered suit, $28.50, to be finished Tuesday, the 18th, and has paid a deposit of $5 on same. Paid workman's wages, $10.50.

" 17. Paid Brown Bros. Cash on %, $75.

" 18. Delivered to Robert Patterson his suit, ordered on the 15th, and received his check in full for balance due, $23.50.

" 20. Charged James Baker for cleaning and repairing suit of clothes, $3.50.

" 22. Drew Cash for private use, $20.

" 24. Bought from Brown Bros. on %, 1 piece Serge, 28 yds. @ $1.25.

" 26. Sold to Joseph Reed on %, 1 pr. Trousers (ready made), $5.50.

" 27. Received for Cash sales, $24.80.

" 29. Sold to Robert Patterson on %, 1 pr. Trousers (ready made), $6. Paid workman's wages, $12.

Inventory of goods on hand, $1132.40.
Net Gain, $85.95.

Set IX

Flour, Feed, and Grain Business

Albany, N.Y., Dec. 2, 189–. D. C. Bradford begins the Flour and Feed business this day, with the following resources and liabilities: Resources, Cash on hand, $6000; Edward Wright's note, dated Nov. 14 @ 30 days, $1000. Liabilities, Geo. Reynolds & Co.'s %, $850.

Dec. 2. Bought for Cash, of Kicks & McKinley, an invoice of Merchandise, $2580.

" 3. Sold to A. C. Harvey on %, 30 bbls. Western Flour @ $7; 25 bu. Wheat @ 80c.; 20 bu. Barley @ $1.00. Paid for repairs in store, $27.50.

" 4. Bought Merchandise of Edward Strong per invoice, $1500. Paid Cash, $300, and note @ 10 days for balance, $1200.

" 5. Sold to Chas. Browning on %, 200 bu. Wheat @ 85c.; 150 bu. Oats @ 40c. Sold Merchandise for Cash, $120.

" 6. Paid Geo. Reynolds & Co. Cash on %, $200.

" 7. Bought Merchandise of James T. Lee, on my note @ 30 days, $750. Sold Merchandise for Cash, $115.

" 9. Received of A. C. Harvey his note @ 10 days to balance his %, $250.

" 10. Sold Gardner & Co. on %, 300 bu. Corn @ 60c.; 250 bu. Oats @ 45c.; 150 bu. Wheat @ 90c. Sold Merchandise for Cash, $186.20.

" 12. Received of Chas. Browning Cash on %, $130.

" 13. Paid Geo. Reynolds & Co. Cash on %, $350. Sold Merchandise for Cash, $135.25. Paid clerk hire, $30.

" 14. Received of Edward Wright Cash in full of his note due this day, $1000. Paid my note to Edward Strong of the 4th, due this day, $1200.

" 16. Sold to A. C. Harvey on %, 60 bu. Barley @ $1; 200 bu. Oats @ 45c.; 10 bbls. Flour @ $7; 20 bu. Rye @ $1.00.

" 17. Sold to Chas. Browning on %, 300 bu. Wheat @ 95c.; 200 bbls. Flour @ $7.50. Sold Merchandise for Cash, $110.

" 18. Received Cash of Gardner & Co. in full of %, $427.50.

" 19. A. C. Harvey has paid his note of the 9th, due this day, $250.

" 20. Sold Merchandise for Cash, $155.25.

" 21. Bought of Philip Harrington on %, Merchandise per invoice, $1275.

Dec. 23. Paid Geo. Reynolds & Co. Cash on %, $100. Sold Merchandise for Cash, $112.50.
" 24. Received of Chas. Browning Cash on %, $500.
" 25. Sold Merchandise for Cash, $130.45.
" 26. Sold to James Reed, on his note @ 10 days, 200 bu. Corn @ 55c.; 150 bu. Oats @ 45c.; 100 bu. Barley @ 95c.
" 27. Paid Philip Harrington on %, $600.
" 28. Drew a draft on A. C. Harvey for the balance of his %, and sent same to Philip Harrington to apply on his %, $240. Sold Merchandise for Cash, $107.05.
" 30. Sold to A. C. Harvey on %, 30 bbls. Flour @ $7; 80 bu. Barley @ 90c.; 132 bu. Wheat @ $1.00; 60 bu. Rye @ 85c. Received of Chas. Browning Cash on %, $275.

Inventory of Merchandise, $1250.
Net Loss, $70.80.

Business Forms. On the 4th, a note. On the 7th, a note. On the 9th, a note. On the 26th, a note. On the 28th, a draft.

BUSINESS FORMS

Receipts

A **Receipt** is a written acknowledgment that money or something of value has been received. The words, "in full of account," or "in full of all demands," imply that a settlement has been made and the entire debt paid; but "on account" implies only part payment.

RECEIPT ON ACCOUNT

$57.25. New York, Jan. 2, 189-.

Received of George C. Davis Fifty-seven and $\frac{25}{100}$ Dollars, on account.

James Marshall.

RECEIPT IN FULL OF ACCOUNT

$429.00. *Chicago, Feb. 4, 189-.*

Received of Hill & White Four Hundred and Twenty-nine Dollars, in full of all demands to date.

F. C. Walter.

RECEIPT FOR SERVICES

$16 75/100. *Buffalo, March 24, 189-.*

Received of Walter Clark Sixteen and 75/100 Dollars, in full for repairs on store.

James Allen.

Exercises

1

Samuel Willets owes you $ 260. He pays $ 150 on account. Write the receipt, dating it to-day.

2

Arthur Cambell owes you $ 85. He pays you the entire debt. Write the proper receipt.

3

Joseph Spencer has requested you to examine his accounts, and make the monthly statement for July. Having done so, he pays you $ 10 in full for your services. Write the receipt.

A **Due Bill** is a written acknowledgment of a debt. It may be made payable in either money or goods.

FORM

$20.00. *Rochester, N.Y.*

Due William Murray, for value received, Twenty Dollars, payable in goods from my store, on demand.

Geo. R. Lockwood.

Exercises

1

You owe Frank Fisher $ 68.50. Give him an order for that amount, payable in goods.

2

Henry Walters owes you $ 30 and has given you a due bill, payable in money, and so worded that it is negotiable. Write the due bill.

Accounts Current

An **Account Current** is a detailed statement of the debits and credits of a person's account, showing the amount due.

Mr. Howard Stanton,

In Account with Robert Taylor.

1898.		Dr.				
Sept.	4	To 1 Bookcase,	75	00		
"	4	" 1 Library Table,	42	00		
"	4	" 2 Revolving Chairs @ $10,	20	00		
"	26	" 1 Center Table,	22	50		
"	26	" 1 Secretary,	35	00		
"	29	" 1 Wardrobe,	36	00		
"	29	" 1 Couch,	23	00		
"	29	" 1 Bracket,	4	50	258	00
		Cr.				
Sept.	23	By Cash,			60	00
		Balance due,			198	00
		New York, Oct. 1, 1898.				

Exercises in Accounts Current

1

On Nov. 30, R. G. Kennedy, a merchant tailor, sent to Edward Stafford a statement of his account showing the following items: Sept. 24, Sold Edward Stafford, 1 Fall Overcoat, $ 27; 1 pair Trousers, $ 6.50. Oct. 12, Coat and Vest, $ 24. Oct. 15, Edward Stafford has paid on his account $ 30. Nov. 16, Made to order for Edward Stafford, 1 Corduroy Vest, $ 7.50. Write the above facts in the form of a Statement of Account.

2

Geo. W. Broadstreet, who is in the Wholesale Grocery business, sends an account current to Alford White, one of his customers, showing the following facts: Feb. 4, Sold to Alford White on %, 15 bbls. Champion Flour @ $ 4.20, $ 63; 6 boxes Raisins, 330 lbs. @ 8c., $ 26.40; 1 bbl. Confectioner's Sugar, $ 14.87; 3 cases Condensed Milk @ 7.25, $ 21.75. Feb. 15, Received from him, Cash to apply to his account, $ 75. Feb. 20, Sold to him, 2 bbls. Graham Crackers, 160 lbs. @ 11c., $ 17.60; 4 boxes English Dairy Cheese, 240 lbs. @ 23c., $ 55.20; 5 tubs Creamery Butter, 250 lbs. @ 19c., $ 47.50. Feb. 25, Received Cash from him on %, $ 95.50. Render account current, dating it March 1, 1897.

Bills of Lading

A **Bill of Lading** is an acknowledgment of the receipt of goods, and an agreement by the transportation company to deliver the same at a certain place. As these receipts are negotiable, the title of the goods specified therein may be transferred by indorsement and delivery.

Invoices

An **Invoice** is a description of goods shipped or sold, with prices and charges annexed. In form it is similar to a bill.

FORM OF INVOICE

NEW YORK, March 5, 189–.

Messrs. Forbes & Wallace.

Bought of Gilbert Manufacturing Co.

Terms, 30 days. 1% discount 10 days.

Case No.					
987	19 Pieces Scotch Ginghams, 33^1,* 34^3, 37^1, 40, 47^3, 49^1, 44, 30^2, 39^3, 31^2, 50^1, 59, 56^1, 53^2, 30^1, 39^1, 36^2, 38^3, $33^2 = 785^1$ yds. @ 17^2c.,	137	42		
699	21 Pieces Fancy Prints, 45^3, 49^1, 47^2, 41^3, 40, 31, 39^3, 32^1, 36^1, 35, 39^1, 51^2, 53^1, 55, 59^3, 54^2, 40^2, 47^1, 45, 44^3, $47^3 = 937$ yds. @ 4^1c.,	39	82		
765	28 Pieces Pearl River Ticking, 29^1, 27^3, 24^3, 21^3, 22^1, 28^2, 49^1, 48^1, 45, 44^1, 46^2, 35, 39^2, 36^1, 31^2, 33^1, 45, 49^3, 50^1, 57^2, 55^1, 33^1, 40, 44^3, 47^3, 43^1, 40^3, $46^1 = 1116^3$ yds. @ 16c.,	178	68		
872	26 Pieces English Batiste, 47^1, 46^1, 49^3, 41, 59^1, 55, 54^3, 44^1, 41^3, 40^1, 49^2, 47^2, 43^2, 39^1, 36^2, 35^1, 45^1, 46^1, 49^3, 43^1, 39^3, 30, 57^1, 56^3, 57^3, $59^1 = 1216^1$ yds. @ 12^2c.,	152	03	507	95
	Cases and Cartage,			3	75
				511	70

* The small figures indicate $\frac{1}{4}$, $\frac{2}{4}$, $\frac{3}{4}$.

Letters

APPLICATION FOR A POSITION

(Advertisement)

Wanted. A boy, quick and accurate in figures, to assist in office. Address, G. W. B., Herald Office.

(Reply)

450 Lexington Ave.
NEW YORK, Jan. 8, 1897.

G. W. B.,
Herald Office,
DEAR SIR:

Having seen in this morning's *Herald* your advertisement for a boy, quick and accurate in figures, to assist in the office, I wish to apply for the position.

I am fifteen years old, and at present attend Grammar School, No. 78. In my reports I always stand near the head of my class in Arithmetic, and feel confident that as to quickness and accuracy in figures, I am qualified to fill the place.

If you will kindly allow me to call at your place of business I will furnish you with testimonials of my character and ability.

Hoping this application will receive your favorable consideration,

I remain,
Yours respectfully,
HENRY FOSTER.

Wanted. A bright boy who knows something about accounts; must write a good hand. Address, P. O. Box 1425.

Directions. In answering the above advertisement, state 1st, where you saw the advertisement; 2d, that you desire to offer your services; 3d, that you have a knowledge of Double and Single Entry Book-keeping; 4th, that if your writing is satisfactory you will be glad to call at his place of business and give him references and such other information concerning yourself as he may desire.

Write a letter to Messrs. Warren & Manning, 43 Park Place, New York City, stating that you are informed that when they open their new department they will probably

need another boy. State that you wish to be considered an applicant for the position; where you are now attending school; how far advanced in studies, or when your class will graduate. Refer to your principal for information concerning character, etc. Close by hoping this application will receive their favorable consideration.

Requesting the Payment of a Debt

CHICAGO, April 20, 1897.

MESSRS. BROWN & HARDING,
Cleveland, Ohio.

GENTLEMEN:

On the 30th ult. we mailed you a statement of your account showing a balance due us of $328.50. Owing to the urgency of claims made upon us, we are obliged to call your attention again to your unsettled account.

Hoping you will find it convenient to send us a check without further delay, we remain,

Yours respectfully,

R. C. JORDAN & Co.

Copy the above letter.

Write to Samuel Baker, calling his attention to the bill of $137.50 you sent him on the 6th inst. State that you have heavy obligations to meet on the 24th inst., and that it would spare you much inconvenience if he would remit on or before that date.

Letter of Introduction

NEW YORK, Aug. 4, 1897.

MR. DAVID H. CLIFFORD,
405 Broadway.

DEAR SIR:

This letter will introduce to you my young friend, Albert Green, who wishes to find employment in your line of business.

I have suggested to Mr. Green the possibility of your immediate

need of some one, and take pleasure in recommending him as an honest, intelligent, and persevering young man.

Any favor you may show him in obtaining a position will be duly appreciated by

Yours very respectfully,

JOSEPH MCDONALD.

Remark. On the envelope, below the address, and to the left, should be written the words, "Introducing Mr. Green."

Letters of introduction should not be sealed.

Write to your friend, Wm. H. Sprague, Washington, D.C., introducing Ralph Draper, of Philadelphia, who is also your friend. State that Mr. Draper now visits Washington for the first time, and is on a pleasure trip, and whatever attention may be given him to make his stay in the capital pleasant will be regarded as a favor to you.

Review

1. What is a receipt? 2. What do the words "in full of account" imply? 3. What is a due bill? 4. What is an account current? 5. What is an invoice? 6. What is a bill of lading?

PART II

DOUBLE ENTRY

DOUBLE ENTRY

In single entry you learned the meaning of debit and credit, as applied to personal accounts, and the forms and purposes of various books, such as the cash-book, day-book, sales-book, and ledger.

It will be presumed, in beginning double entry, that you remember not only the forms used in single entry, but also the meaning of such technical expressions as have been clearly defined on pages 20, 26, 35.

You may now ask, What is double entry book-keeping, and wherein does it differ from single entry?

Double entry, briefly defined, is that system of book-keeping which requires equal debits and credits in the ledger.

To explain more fully wherein the two systems differ the following comparisons have been made:

1st. In a double entry ledger the sum of the debits must be equal to the sum of the credits, while in the single entry ledger the debits and credits are never expected to be equal.

2d. The double entry ledger contains personal accounts, impersonal or property accounts, and special loss and gain accounts, while the single entry ledger contains personal accounts only.

3d. Double entry shows in the ledger not only the total results, but also the various sources of the gains and losses. Single entry by various books shows the net results, but not the particular items of gain or loss.

4th. Double entry, through its trial balance and detailed statement, affords a test of its correctness, while single entry has no such means by which its results can be verified.

To some, double entry may imply double work, but such is not the case. On the contrary, by the use of special columns and labor-saving devices peculiar to this system, double entry will, with less labor, show more of the details of the business than single entry, besides affording the means of detecting errors and omissions.

Illustration

Three simple transactions have been used in the following illustration, and for the sake of clearness have been recorded in the ledger only.

To understand these illustrations, the pupil should remember that double entry requires equal debits and credits in the ledger, which means that if some account is debited for $100, then some other, or different, account must be credited for the same amount. He should also bear in mind what he learned in single entry, — that Cash is debited for money received, and credited for money paid out, and that a person's account is debited when he receives value from us, but credited when we receive value from him.

First Transaction

Jan. 7. Borrowed Cash from Stephen Smith, on %, $ 500.

Explanation. Turning to the opposite page, you will see that the Cash account has been debited for $ 500, because Cash was received, and Stephen Smith's account has been credited for the same amount, as we have received $ 500 from him. Thus far we have equal debits and credits. Check or mark these two entries, thus —√.

Second Transaction

Jan. 8. Bought Merchandise for Cash, $ 400.

Explanation. It is evident that the Cash account should be credited, as Cash was paid out.

But some account must be debited for this amount. What shall it be? Merchants have adopted the rule of debiting the Merchandise

account when goods are bought, and crediting it when goods are sold. Following this rule we debit the Merchandise account for $400, and again we have equal debits and credits. Check these two entries also.

Third Transaction

Jan. 9. Sold our entire stock of Merchandise for Cash, $600.

Explanation. As the money has been received, the Cash account must of course be debited. The Merchandise account is credited for the same amount, as the rule requires us to credit that account for all sales of goods. Once more the debits and credits are equal. Check these two entries.

Ledger

Dr. ***Cash*** ***Cr.***

Jan.	7		*500*	*00*	*Jan.*	8		*400*	*00*
"	9		*600*	*00*					

Dr. ***Stephen Smith*** ***Cr.***

					Jan.	7		*500*	*00*

Dr. ***Merchandise*** ***Cr.***

Jan.	8		*400*	*00*	*Jan.*	9		*600*	*00*

The total debits of the ledger must now be equal to the total credits as shown below in a condensed form in what is called a Trial Balance.

Trial Balance	***Debits***		***Credits***	
Cash,	1100	00	400	00
Stephen Smith,			500	00
Merchandise,	400	00	600	00
	1500	00	1500	00

What may be learned from the above ledger, or trial balance, is clearly set forth in the following statement:

Statement

RESOURCES —		
Cash on hand,	700	00
LIABILITIES —		
Stephen Smith's account,	500	00
NET CAPITAL,	200	00
GAINS —		
Merchandise,	200	00

Explanation. The debit side of Cash being the larger, by $700, shows that we must have that amount on hand; hence it is a resource.

The credit side of Stephen Smith's account being the larger, by $500, shows that we owe him that amount, and it is therefore a liability.

But the Merchandise is neither a resource nor a liability. It is in this case a gain, as we shall now demonstrate. When we bought the goods, the Merchandise account was debited, so the debit side shows just what the Merchandise cost. When the goods were sold, the Merchandise account was credited, so the credit side shows how much we sold them for. The credit being $600, and the debit or cost being $400, we must have gained the difference, or $200.

Definitions

Double entry Book-keeping is that system of keeping accounts which requires equal debits and credits in the ledger.

A Double entry Ledger is a book in which all the transactions are finally recorded under appropriate headings, or titles. It is sometimes called the Book of Accounts.

For definitions of accounts and explanations of debits and credits see page 20.

Headings or Titles frequently used in double entry are:

Cash, the proper title or account for money received or paid out.

Merchandise, the proper title or account for goods bought and sold for profit.

Real Estate, the proper title or account for houses or lands.

Bills Receivable, the proper title or account for other persons' written obligations to pay us.

Bills Payable, the proper title or account for our written obligations to pay others.

Loss and Gain, the proper title or account for direct losses or gains.

Personal accounts and the **Proprietor's** account are found in the double entry ledger in the same form and serving the same purpose as in the single entry ledger.

Rules for Debiting and Crediting Accounts

1. *Cash, Merchandise, and Property of every kind is debited under an appropriate title, when it comes into the business, but credited when it goes out.*

Real estate, notes (bills receivable and bills payable), stocks, bonds, and property of every description are included under this rule.

2. *Persons are debited when they owe us, or receive value from us on account, but credited when we owe them, or receive value from them on account.*

Companies, banks, railroads, and corporations of every kind are included in the term "Persons."

3. *The Loss and Gain account is debited for losses or outlays, but credited for gains or returns.*

Expense, interest and discount, commission, etc., are branches or subdivisions of the general loss and gain account to which this rule also applies.

4. *The Proprietor's account is credited for his investment, but debited for the amount he draws out.*

This rule applies to "Stock," "Capital," or any other title under which the proprietor may keep his own account.

Review

1. What is double entry book-keeping? 2. Define a double entry ledger. 3. What is an account? 4. What are debits? 5. What are credits? 6. What is the proper title for money

received or paid out? 7. What is the proper title for goods bought or sold for profit? 8. Name the proper title for houses and lands. 9. Under what title are kept other persons' written obligations to pay us? 10. Our written obligations to pay are properly kept under what title? 11. What is the proper title under which direct losses or gains are kept? 12. Do the personal accounts and the proprietor's account appear in the same form in single as in double entry? 13. When is property debited and when credited? 14. Mention some property accounts besides Cash and Merchandise. 15. When are persons debited and when credited? 16. What does the term "Persons" include? 17. Repeat the rule for the loss and gain account. 18. Mention some accounts that are branches or subdivisions of the loss and gain account. 19. When is the proprietor's account debited and when credited? 20. Under what different titles may the proprietor's account be kept?

Transactions

To be entered directly in ledger.

Directions. Write in the ledger, in a large plain hand, the following titles for accounts: Proprietor, Cash, Merchandise, B. F. Baker, and E. G. Armstrong, allowing four lines for each.

First, decide which two accounts are affected by the transaction, and then determine which is to be debited, and which credited. When in doubt as to the debit and credit, consult Rules on page 115.

Exercises

1

Feb. 1. The proprietor invests Cash, $ 9000.
" 2. Bought Merchandise for Cash, $ 7500.
" 3. Sold Merchandise to B. F. Baker on %, $ 3000.
" 4. Sold Merchandise for Cash, $ 1500.
" 5. Bought Merchandise of E. G. Armstrong on %, $ 2500.
" 6. Sold Merchandise for Cash, $ 2000.

When correctly entered in the ledger, the total debits and credits of each account will agree with this trial balance.

Trial Balance	*Dr.*		*Cr.*	
Proprietor,			9000	00
Cash,	12500	00	7500	00
Merchandise,	10000	00	6500	00
B. F. Baker,	3000	00		
E. G. Armstrong,			2500	00
	25500	00	25500	00

2

March 1. The proprietor invests Merchandise valued at $ 6500.
" 2. Sold Merchandise for Cash, $ 4200.
" 3. Sold Merchandise to Howard Beach on %, $ 1800.
" 5. Bought Merchandise of Chas. T. Allen on %, $ 1300.
" 6. Sold Merchandise for Cash, $ 1250.
" 7. Howard Beach paid us Cash on his account, $ 600.
" 8. Paid Chas. T. Allen Cash on %, $ 1000.

Trial Balance	*Dr.*		*Cr.*	
Proprietor,			6500	00
Cash,	6050	00	1000	00
Merchandise,	7800	00	7250	00
Howard Beach,	1800	00	600	00
Chas. T. Allen,	1000	00	1300	00
	16650	00	16650	00

3

April. 1. Bought Merchandise of Nelson Brice on %, $ 1800.
" 2. Sold Merchandise for Cash, $ 950.
" 4. Bought Merchandise for Cash, $ 700.
" 6. Sold Merchandise to Paul Anderson on %, $ 550.
" 7. Paid Nelson Brice Cash on %, $ 100.
" 8. Paul Anderson paid us Cash on %, $ 400.
" 9. Sold Merchandise for Cash, $ 800.

Trial Balance	*Dr.*		*Cr.*	
Merchandise,	2500	00	2300	00
Nelson Brice,	100	00	1800	00
Cash,	2150	00	800	00
Paul Anderson,	550	00	400	00
	5300	00	5300	00

Direction. After entering in ledger, make trial balances for the following exercises.

4

May 1. Thomas Long, the proprietor, began business with Merchandise on hand valued at $ 5650.
" 2. Sold Merchandise to C. H. Lockhart on %, $ 2500.
" 3. Sold Merchandise for Cash, $ 1750.
" 4. Bought Merchandise of B. F. Morton on %, $ 980.
" 5. C. H. Lockhart has paid us Cash on %, $ 2200.
" 6. Bought a vacant lot for Cash, $ 3000.
" 8. Sold Merchandise for Cash, $ 1200.
" 9. Paid B. F. Morton Cash on %, $ 500.
" 10. Sold, for Cash, my vacant lot, $ 3300.
" 12. Sold, for Cash, my entire stock of Merchandise, $ 1000.

5

Sept. 1. Bought of H. C. Lobeck on %, Merchandise valued at $ 1850.
" 2. Sold Merchandise for Cash, $ 732.50.
" 3. Sold Merchandise to Geo. Davis on %, $ 522.75.
" 4. Paid H. C. Lobeck Cash on %, $ 500.
" 5. Sold Merchandise for Cash, $ 627.40.
" 6. Received of Geo. Davis Cash on %, $ 350.
" 8. Bought Merchandise for Cash, $ 420.80.
" 10. Sold to A. C. Gilbert on his note @ 5 days (Bills receivable, %, Dr.) Merchandise valued at $ 225.
" 12. Paid H. C. Lobeck Cash on %, $ 400.
" 15. Received of A. C. Gilbert Cash in payment of his note due this day, $ 225 (Bills receivable, %, Cr.).

6

Oct. 1. B. H. Denham, the proprietor, began business with Real Estate valued at $ 8550.
" 2. Bought Merchandise of Briggs & Crawford on %, $ 2500.
" 3. Sold Merchandise for Cash, $ 750.
" 4. Sold Merchandise to G. C. Young on %, $ 475.
" 5. Bought Merchandise for Cash, $ 250.
" 6. Paid Briggs & Crawford Cash on %, $ 200.
" 8. Received Cash of G. C. Young on %, $ 100.
" 9. Sold for Cash Real Estate valued at $ 5000.
" 10. Paid Briggs & Crawford Cash in full of %, $ 2300.
" 12. Sold Merchandise for Cash, $ 680.

THE JOURNAL

The **Journal** is a book designed to show which of the ledger accounts should be debited and which credited.

Journalizing is deciding the proper debits and credits and arranging them in the journal.

The purpose of the journal originally was to aid the book-keeper in deciding and simplifying the debits and credits of transactions and thus facilitate the labor of posting or carrying them to their proper places in the ledger. This is all that the simple form of a journal such as is found on page 121 is designed to accomplish.

A practical form of a journal will be given later.

Note. This journal differs slightly from the old theoretical journal in that the debit column is placed at the extreme left. It has been so arranged for two reasons. First, because in this form it bears a closer resemblance to the ledger accounts. Second, because the special column or practical journal follows this plan. Either form, however, may be used in the exercises following.

Transactions Journalized in Example A

Directions. Review Rules 1 and 2, on page 115, as they will aid you in determining every debit and credit on this page.

Read the transactions and then endeavor to decide the proper debit and credit before looking at the opposite page.

June 1. Bought Real Estate for Cash, $3500.

Explanation. Real estate is debited because it comes in. Cash is credited because it goes out (Rule 1).

June 2. Bought Merchandise for Cash, $1850.75.

Explanation. Merchandise is debited, as it comes in. Cash is credited because it goes out (Rule 1).

June 3. Sold Merchandise for Cash, $1024.35.

Explanation. Cash is debited and Merchandise is credited (Rule 1).

June 4. Sold Merchandise to Robert Smith on %, $750.

Explanation. Robert Smith is debited, as he received value from us on account (Rule 2). Merchandise is credited (Rule 1).

June 5. Sold Merchandise to William Brown on his note @ 3 days, $1252.50.

Explanation. Bills receivable is debited, as the note comes in (Rule 1). Merchandise is credited (Rule 1).

June 6. Bought Merchandise of James Hill on our note, payable on demand, $1400.

Explanation. Merchandise is debited (Rule 1). Bills payable is credited, because the note was issued, or went out (Rule 1).

June 8. William Brown has paid his note of the 5th, $1252.50.

Explanation. Cash is debited (Rule 1). Bills receivable is credited (Rule 1). When Brown pays the amount due on his note, we should give the note back to him.

June 9. Paid our note of the 6th to James Hill, $1400.

Explanation. Bills payable is debited, as the note is now returned to us (Rule 1). Cash is credited (Rule 1).

June 10. Robert Smith has paid us Cash on %, $520.60.

Explanation. Cash is debited (Rule 1). Robert Smith is credited (Rule 2).

Journal

Example A

Dr. New York, June 1, 189– Cr.

		Accounts Debited		Accounts Credited		
3500	00	Real Estate				
				Cash	3500	00
			2			
1850	75	Merchandise				
				Cash	1850	75
			3			
1024	35	Cash				
				Merchandise	1024	35
			4			
750	00	Robert Smith				
				Merchandise	750	00
			5			
1252	50	Bills Receivable				
				Merchandise	1252	50
			6			
1400	00	Merchandise				
				Bills Payable	1400	00
			8			
1252	50	Cash				
				Bills Receivable	1252	50
			9			
1400	00	Bills Payable				
				Cash	1400	00
			10			
520	60	Cash				
				Robert Smith	520	60

Exercises to be Journalized

1

March 2. Bought Merchandise for Cash, $1200.
" 3. Sold Merchandise for Cash, $500.
" 4. Sold Merchandise to S. C. Wells on %, $680.
" 6. Bought Real Estate for Cash, $2000.
" 7. S. C. Wells has paid us Cash on %, $350.
" 8. Bought Merchandise of Craig & Co. on our note @ 5 days, $800.
" 9. Sold Merchandise to Andrews & Son on their note for $750.
" 10. Sold Merchandise for Cash, $870.
" 11. Sold Merchandise to H. Scott on %, $600.
" 13. Paid our note of the 8th to Craig & Co., $800.

2

April 1. Bought Merchandise of John S. Hart on %, $1480.
" 2. Sold Merchandise for Cash, $420.
" 3. Bought Merchandise of L. C. Cooke on our note @ 10 days, $775.
" 4. Sold Merchandise to John Monroe on his note @ 6 days, $500.
" 5. Bought for Cash a vacant lot, $1575.
" 8. Paid John S. Hart Cash on %, $700.
" 9. Sold Merchandise to Geo. Peck on %, $185.
" 10. Received of John Monroe Cash in payment of his note of the 4th, $500.
" 11. Paid John S. Hart Cash on %, $450.
" 13. Paid our note of the 3d to L. C. Cooke, $775.

3

May 1. Bought Merchandise of A. H. Phelps on our note @ 10 days, $1200.
" 2. Sold Merchandise to B. C. Cutler for Cash, $390.
" 3. Bought for Cash a house and lot valued at $8500.
" 4. Sold to Robert G. Murray on %, Merchandise, $287.
" 5. Bought Merchandise of James Mitchell on %, $930.

May 7. Received of Robert G. Murray Cash on %, $150.
" 8. Sold to Daniel Foster on his note @ 30 days Merchandise, $640.
" 10. Sold house and lot for Cash, $9200.
" 11. Paid in Cash our note of the 1st to A. H. Phelps, $1200.
" 12. Paid James Mitchell in full of account, $930.

4

June 1. Bought for Cash Real Estate valued @ $5500.
" 2. Bought Merchandise of W. H. Butler for Cash, $3200.
" 3. Sold Merchandise to Alexander Palmer, and received in payment his note @ 10 days for $1500.
" 4. Sold Merchandise to Richard Boyd on %, $872.50.
" 5. Paid Cash for Merchandise, $270.
" 6. Bought Merchandise of Anderson & Wells, and gave in payment our note @ 12 days for $654.
" 8. Received Cash of Richard Boyd on %, $200.
" 9. Sold for Cash a Vacant Lot, $3000.
" 12. Bought Merchandise of C. H. Harvey on %, $1200.
" 13. Received of Alexander Palmer Cash in payment of his note of the 3d, $1500.
" 15. Paid C. H. Harvey Cash on %, $500.
" 16. Sold Merchandise to Albert Moeller for Cash, $425.
" 18. Paid in Cash our note of the 6th to Anderson & Wells for $654.

5

July 1. Bought Real Estate for Cash, $6800.
" 2. Bought Merchandise on my note @ 10 days, $1030.50.
" 3. Sold Merchandise to M. G. Austin on %, $525.50.
" 5. Sold Merchandise to Chas. Walters for Cash, $187.50.
" 6. Bought Merchandise for Cash, $624.60.
" 8. Received Cash of M. G. Austin on %, $200.
" 9. Bought Merchandise of James Gordon on %, $775.50.
" 10. Loaned to S. C. Allison $420 on his note @ 30 days endorsed by J. C. Gulick.
" 12. Paid in Cash my note of the 2d, $1030.50.
" 14. Paid James Gordon Cash on %, $275.50.

Transactions for Example B

In which Rules 3 and 4 are applied

Aug. 1. The proprietor began business with Cash on hand, $7850.45.

Explanation. Cash is debited (Rule 1). The proprietor is credited for his investment (Rule 4).

Aug. 2. Paid Store rent, $250.

Explanation. Expense, which is a branch of the Loss and Gain account, is debited for this outlay (Rule 3). Cash is credited (Rule 1).

Aug. 3. The proprietor draws Cash from the business for private use, $100.

Explanation. As the proprietor was credited when he invested, he should now be debited when he draws the money out (Rule 4).

Aug. 4. By counting the Cash it is discovered that $47.50 has been lost.

Explanation. The Loss and Gain account is debited, as this is a direct loss (Rule 3). Cash is credited (Rule 1).

Aug. 5. The proprietor has made an additional investment of Cash, $800.

Explanation. Cash is debited (Rule 1). Proprietor is credited (Rule 4).

Aug. 6. The Cash, $47.50, supposed to have been lost on the 4th, has been found.

Explanation. Cash is debited (Rule 1). Loss and Gain account is credited (Rule 3).

Aug. 8. Paid for insurance on goods, $37.65.

Explanation. Expense is debited (Rule 3). Cash is credited.

Aug. 9. J. B. Reynolds owes us on a note $500. He pays the same less the Discount, $4.00. Net amount, $496.

Explanation. Cash is debited $496 (Rule 1). As we have lost the $4, Discount is also debited. Bills Receivable is credited for the face of the note, $500 (Rule 1). Thus the two debits added make a sum equal to the credit. Frequently in the journal there are two or more debits and only one credit, or two or more credits and only one debit, but the total debits must be equal to the total credits.

Journal

Example B

Dr. New York, Aug. 1, 189– Cr.

		Accounts Debited		Accounts Credited		
7850	45	Cash				
				Proprietor	7850	45
			2			
250	00	Expense				
				Cash	250	00
			3			
100	00	Proprietor				
				Cash	100	00
			4			
47	50	Loss and Gain				
				Cash	47	50
			5			
800	00	Cash				
				Proprietor	800	00
			6			
47	50	Cash				
				Loss and Gain	47	50
			8			
37	65	Expense				
				Cash	37	65
			9			
496	00	Cash				
4	00	Discount				
				Bills Receivable	500	00

Exercises to be Journalized

1

Sept. 1. The proprietor began business with Merchandise on hand valued at $ 6000.
" 2. Paid store rent for September, $ 175.
" 3. Paid for insurance on goods, $ 42.
" 4. The proprietor has made an additional investment in the form of Cash, $ 1000.
" 5. In counting the Cash it is discovered that $ 10 has been lost.
" 6. The proprietor has drawn Cash for private use, $ 80.
" 8. Paid for repairs on store, $ 24.
" 9. J. W. Bard, who owes us $ 125 on a note, has failed and the amount of the note is a total loss. (Debit, loss and gain. Credit bills receivable.)

2

Oct. 1. The proprietor began business with Real Estate on hand valued at $ 9000.
" 2. Received Cash, $ 78, as Commission for selling goods. (Credit the account commission.)
" 3. Paid for cleaning Store, $ 6.
" 4. Paid rent for three months by giving our note @ 60 days, $ 460.
" 5. Henry Allen, who owes us on a note, has paid interest on same for 6 mos., $ 30. (Credit interest account.)
" 6. Paid for Coal used in heating Store, $ 27.
" 10. Paid clerk hire, $ 15.
" 12. Our note to H. W. Wood for $ 100 has been paid before it was due. The discount allowed us was $ 5. Net amount paid, $ 95.

Example C

Opening Journal Entries

In opening a set of books, the opening journal entries are sometimes a little puzzling, especially when a large variety of resources and liabilities are brought into the business.

While the general rules for journalizing are applicable to all opening entries, it is believed that a special rule like the one following will simplify the subject for the beginner.

Rule

Debit each resource, credit each liability; credit also the proprietor for his net investment.

For definitions of Resources and Liabilities see page 35.

The Proprietor's account, it should be remembered, is sometimes kept under the title of "Stock," "Capital," or the name of the firm. When there are partners, each partner's name may be used instead of the firm name.

Example

Began business with resources and liabilities as follows: Cash on hand, $580; Merchandise valued at $600. I owe John Harper on ℅, $200.

Dr.		*Opening Journal Entry for above*		*Cr.*
580	00	Cash		
600	00	Merchandise		
		John Harper	200	00
		Proprietor	980	00

Exercises to be Journalized

1

Began business with Cash on hand, $500.

2

Began business with Cash on hand, $650; and Merchandise valued at $850.

3

My resources and liabilities at beginning are as follows: Cash on hand, $700; Merchandise unsold valued at $840. I owe Wm. Smith on ℅, $600.

4

My resources at beginning are as follows: James Howard owes me on %, $1200; Geo. Lewis owes me on a note, $550; Cash on hand, $1500. My liabilities are as follows: I owe Henry Worth on a note, $1000, and Frank Wilson on %, $475.

5

My resources at beginning are as follows: Cash on hand, $2264.70; Merchandise unsold valued at $4505.20; Notes due me amounting to $1075; R. G. Litchfield owes me on %, $872.50; D. H. Warner owes me on %, $378.25. My liabilities are as follows: Outstanding notes amounting to $3760.45; I owe on % as follows: S. S. Holland, $114.50, J. J. Hall, $294.25, and Frank Day, $38.60.

Opening Entries in Partnership

June 4. James Arnold and Frank Wheeler have entered into partnership.

Arnold invests Cash, $575; Merchandise, $1620; and a note signed by Wm. Hamilton for $350, due June 5.

Wheeler invests Cash, $2800. He owes D. L. Campbell on %, $255, a debt which the firm or partnership assumes to pay.

Dr. ***Journal Entry for above*** ***Cr.***

575	00	Cash		
1620	00	Merchandise		
350	00	Bills Receivable		
		James Arnold (Partner)	2545	00
2800	00	Cash		
		D. L. Campbell	255	00
		Frank Wheeler (Partner)	2545	00

Exercises to be Journalized

1

W. H. Walker and Edward Strong enter into partnership. Walker invests Cash, $1200; Merchandise valued at $3300. He owes Geo. Sands on %, $725, which the firm assumes to pay.

Strong invests Cash, $1000, and notes due him amounting to $1500. Make the journal entries.

2

Wm. Worth and S. T. Smith are partners. Worth invests Cash, $1500, and Real Estate, $5200. The firm assumes to pay for him his note due H. F. Lock, $700. Smith invests Merchandise, $4150; Cash, $1800. The firm assumes to pay for him an account of $250 due Nelson C. Gates.

3

R. S. Phelps, J. C. Howard, and Charles Wells enter into partnership, the gains or losses to be shared in proportion to their net investment. Phelps invests Cash, $1625; Merchandise, $2470; S. A. Simpson's account for $570, and R. S. Smith's account for $140. He owes on notes $1170.

J. C. Howard invests real estate valued at $5850, and Cash, $1000. He owes B. F. Morris on %, $795.

Charles Wells invests Cash, $800; First National Bank stock, $3200, and two notes, one for $425, signed by H. H. Walworth, and one for $375, signed by L. C. Brown. He owes Hill & Duncan on %, $750; also D. B. Kelly on %, $235. Make the journal entries.

Review

1. What is a journal? 2. What is journalizing? 3. Give an example of journalizing. 4. What is said about the original purpose of the journal? 5. Repeat the rule for journalizing which applies to property; the rule for loss and gain accounts; the rule for the proprietor's account. 6. Give a special rule for making the opening journal entries.

JOURNAL, LEDGER, AND TRIAL BALANCE

The **Journal, Ledger,** and **Trial Balance** are exhibited here to show the relation in which they stand to each other.

Having learned to journalize, you should now learn the method of carrying the accounts from the journal to the ledger, which will be explained under the subject of posting, page 133.

The next step, after posting, is to make a trial balance. How the trial balance is made, and the purpose of making it, will be fully explained on page 134.

Directions. Trace the transaction from this page to the journal on the opposite page; then from the journal to page 132, where the entry will be found in its proper place in the ledger.

Transactions

Oct. 1. The proprietor began business with Cash on hand, $ 5420.

" 2. Bought Merchandise of Hurd & White on %, $ 2750.

" 3. Paid rent for October, $ 200.

" 4. Sold Merchandise to James A. Stewart on %, $ 350.75.

" 5. Sold Merchandise to H. R. Lucus, $ 425; received in payment, Cash, $ 225, and his note @ 60 days for balance.

" 6. Paid Hurd & White Cash on %, $ 1150.

" 8. Paid for advertising, $ 28.50.

" 9. Bought Merchandise of Hurd & White, $ 900; gave in payment, Cash, $ 600; the balance, $ 300, on %.

" 10. Received Cash of James A. Stewart on %, $ 150.75.

" 11. Sold Merchandise for Cash, $ 862.25.

Journal

New York, Oct. 1, 189–

Dr.		L. P.		Cr.	
5420	00	132	Cash		
		132	*Proprietor*	5420	00
			2		
2750	00		Merchandise		
			Hurd & White	2750	00
			3		
200	00		Expense		
			Cash	200	00
			4		
350	75		James A. Stewart		
			Merchandise	350	75
			5		
225	00		Cash		
200	00		Bills Receivable		
			Merchandise	425	00
			6		
1150	00		Hurd & White		
			Cash	1150	00
			8		
28	50		Expense		
			Cash	28	50
			9		
900	00		Merchandise		
			Cash	600	00
			Hurd & White	300	00
			10		
150	75		Cash		
			James A. Stewart	150	75
			11		
862	25		Cash		
			Merchandise	862	25
12237	25			12237	25

Ledger

Dr. **Proprietor** **Cr.**

		J. P.					J. P.		
				Oct.	1		131	5420	00

Dr. **Cash** **Cr.**

Oct.	1		131	5420	00	Oct.	3		131	200	00
"	5			225	00	"	6			1150	00
"	10			150	75	"	8			28	50
"	11			862	25	"	9			600	00

Dr. **Merchandise** **Cr.**

Oct.	2		2750	00	Oct.	4		350	75
"	9		900	00	"	5		425	00
					"	11		862	25

Dr. **Bills Receivable** **Cr.**

Oct.	5		200	00					

Dr. **Hurd & White** **Cr.**

Oct.	6		1150	00	Oct.	2		2750	00
					"	9		300	00

Dr. **James A. Stewart** **Cr.**

Oct.	4		350	75	Oct.	10		150	75

Dr. **Expense** **Cr.**

Oct.	3		200	00					
"	8		28	50					

Posting

Posting is transferring the accounts to the ledger. The method of doing this will now be explained.

Turning to the first journal entry page 131, we see that Cash is debited and proprietor credited. We first post the debit of this journal entry by carrying the amount, $5420, to the debit side of the ledger under the Cash account, at the same time entering the date. Turning again to the journal, we find the proprietor credited for $5420, so we carry this amount to the credit side of the ledger under the proprietor's account, and at the same time enter the date.

In the same way all the accounts that are debited in the journal are carried to the debit side of the ledger, and all that are credited in the journal are carried to the credit side of the ledger.

To avoid mistakes, the journal and ledger pages should be entered at once. Thus, when Cash is entered in the ledger, $5420, the figure 131 should be entered at the same time in the column marked "J. P.," which shows the page of the journal from which the amount has been brought. Turning now to the journal, the figure 132 should be entered in the column marked "L. P." opposite Cash, to show the ledger page to which this account has been transferred.

Trial Balance	*Dr.*	*Cr.*
Proprietor,		5420 00
Cash,	6658 00	1978 50
Merchandise,	3650 00	1638 00
Bills Receivable,	200 00	
Hurd & White,	1150 00	3050 00
James A. Stewart,	350 75	150 75
Expense,	228 50	
	12237 25	12237 25

The **Trial Balance** is an exhibit of all the ledger accounts showing the total debits and credits of each. It also shows that the ledger is in balance, or that the total debits are equal to the total credits.

Generally the trial balance, when it balances, is accepted as proof that the posting is correct. When by mistake an amount is carried to the wrong side of the ledger, the trial balance will be out of balance by just twice that amount.

To find the error when the trial balance does not balance, it is suggested that the pupil **1st.** Add each side of the trial balance again. **2d.** Add the debit, also the credit, of each ledger account, and see that they are correctly transferred to the trial balance. **3d.** If the preceding steps do not reveal the mistake, then trace each transaction from the journal to the ledger, checking (thus √) in both books the amounts that have been correctly entered.

Review

1. What is a journal? 2. What is a ledger? 3. What is posting? 4. How are the amounts transferred to the ledger? 5. What should be done in posting to avoid mistakes, and when should the journal page (J. P.) and ledger page (L. P.) figures be entered? 6. Should every entry in the ledger show from what page it has been brought? How is this shown? 7. What is a trial balance? 8. Can the ledger be correct when the total debits are not equal to the total credits? 9. When the ledger or trial balance is not in balance, what steps are necessary?

Exercises for the Journal, Ledger, and Trial Balance

Direction. First journalize the transactions, then post, and finally make the trial balance.

To the Teacher. The work in the journal should be examined, and mistakes corrected, before the pupil begins to post.

1

Nov. 1. The proprietor began business with Merchandise on hand valued at $ 3550.

Nov. 2. Bought Merchandise of D. F. Grady & Co. on %, $563.40.
" 3. Sold Merchandise for Cash, $1027.50.
" 4. Paid Rent for November, $150.
" 5. Sold Merchandise to Edward Curry on %, $632.80.
" 6. Paid for repairs on Store, $92.50.
" 8. Paid D. F. Grady & Co. Cash on %, $300.
" 9. Bought Merchandise of Henry Little for Cash, $475.
" 10. Received Cash of Edward Curry on %, $450.
" 11. Sold Merchandise to B. F. Whittaker on his note @ 10 days, $265.
" 12. Sold Merchandise to L. C. Gardner for Cash, $142.75.

2

Dec. 2. The proprietor began business with Cash on hand $5000.
" 3. Bought Merchandise of James Watson & Co. on %, $2837.50.
" 4. Paid for insurance on goods, $34.
" 5. Sold Merchandise for Cash, $127.35.
" 6. Bought Real Estate for Cash, $3000.
" 7. Sold Merchandise to L. D. McKay on %, $600.
" 9. Bought Merchandise of Robert Frazer on my note @ 5 days, $800.
" 10. Paid rent for December, $225.
" 11. Sold Real Estate for Cash, $3300.
" 12. Received Cash of L. D. McKay on %, $500.
" 13. Paid James Watson & Co. Cash on %, $1500.
" 14. Paid our note of the 9th to Robert Frazer for $800, being allowed for Discount $7.33; Net amount paid, $792.67.

3

Jan. 4. Began business with Merchandise on hand valued at $1892.60.
" 5. Borrowed Cash on my note @ 30 days, $2700.
" 6. Bought Merchandise of Andrews & Palmer, $1200; paid Cash, $400; balance on %, $800.

Jan. 7. Sold Merchandise to J. B. Cameron on %, $ 835.70.
" 8. Paid for advertising in *Herald*, $ 65.40.
" 9. Sold Merchandise for Cash, $ 1120.85.
" 11. Received of J. B. Cameron his note @ 3 days for $ 500 to apply on his account.
" 12. Paid Andrews & Palmer Cash on %, $ 350.
" 13. Paid for new Counters, $ 75.
" 14. J. B. Cameron has paid his note of the 11th, $ 500.
" 15. Sold Merchandise to W. C. Gordon for Cash, $ 721.35.

4

Feb. 2. Began business with Cash on hand, $ 850, and Merchandise valued at $ 2950.
" 3. Paid Rent for February and March, $ 425.
" 4. Bought Merchandise of Wm. Hendricks, $ 1325; gave in payment Cash, $ 325; balance on %.
" 5. Paid for Cartage, $ 7.50.
" 6. Sold Merchandise to J. D. Husted, $ 850; he has paid us one-half Cash; balance on %.
" 7. Sold Merchandise for Cash, $ 710.45.
" 9. Paid Wm. Hendricks, $ 400 on %.
" 10. Paid Clerk hire, $ 25.
" 11. Sold to James Emery on % Merchandise, $ 235.60.
" 12. Sold Merchandise to Geo. Clayton for Cash, $ 280.
" 13. Paid Wm. Hendricks Cash on %, $ 300.
" 14. Sold Merchandise to A. C. Burns, $ 1240; received in payment Cash, $ 740, and his note @ 10 days for the balance, $ 500.

5

March 3. Began business with Cash on hand, $ 630.20; Merchandise valued at $ 742.60, and Real Estate valued at $ 4650.
" 4. Sold Merchandise to Adam Smith on %, $ 525.50.
" 5. Bought Merchandise of Paul Jones on %, $ 936.45.
" 6. Paid for repairs on Store, $ 14.50.
" 7. Sold Merchandise for Cash, $ 415.75.
" 8. Received $ 28.50 as commission for selling goods. (Debit Cash. Credit Loss and Gain.)

March 10. Sold Merchandise to John Roach on his note @ 5 days, $ 372.65.

" 11. Received Cash of Adam Smith on %, $ 220.

" 12. Bought Merchandise of J. P. Judson on our note @ 10 days, $ 382.75.

" 13. Paid Paul Jones Cash on %, $ 430.

" 14. Sold Merchandise to R. C. Kimball on his note @ 30 days, $ 261.75.

" 15. Received Cash in payment of John Roach's note due this day, $ 372.65.

" 17. Sold Merchandise for Cash, $ 350.

" 18. Bought Merchandise of Frank Tripler on our note @ 60 days, $ 285.50.

" 20. Goods not insured, valued at $ 23, have been lost by fire. (Debit Loss and Gain. Credit Merchandise.)

" 22. Paid our note to J. P. Judson due this day, $ 382.75.

" 24. Sold for Cash our entire stock of goods for $ 1200.

" 24. Sold Real Estate for Cash, $ 4500.

Ledger for Exercise 5

Dr. ***Cash*** ***Cr.***

Mar.	3		630	20	Mar.	6		14	50
"	7		415	75	"	13		430	00
"	8		28	50	"	22		382	75
"	11		220	00					
"	15		372	65					
"	17		350	00					
"	24		1200	00					
"	24		4500	00					

Dr. ***Merchandise*** ***Cr.***

Mar.	3		742	60	Mar.	4		525	50
"	5		936	45	"	7		415	75
"	12		382	75	"	10		372	65
"	18		285	50	"	14		261	75
					"	17		350	00
					"	20		23	00
					"	24		1200	00

Dr. **Real Estate** ***Cr.***

Mar.	3			4650	00	Mar.	24			4500	00

Dr. **Adam Smith** ***Cr.***

Mar.	4			525	50	Mar.	11			220	00

Dr. **Paul Jones** ***Cr.***

Mar.	13			430	00	Mar.	5			936	45

Dr. **Bills Receivable** ***Cr.***

Mar.	10			372	65	Mar.	15			372	65
"	14			261	75						

Dr. **Bills Payable** ***Cr.***

Mar.	22			382	75	Mar.	12			382	75
						"	18			285	50

Dr. **Loss and Gain** ***Cr.***

Mar.	20			23	00	Mar.	8			28	50

Dr. **Expense** ***Cr.***

Mar.	6			14	50						

Dr. **Proprietor** ***Cr.***

						Mar.	3			6022	80

Trial Balance for Exercise 5

	Dr.		Cr.	
Cash,	7717	10	827	25
Merchandise,	2347	30	3148	65
Real Estate,	4650	00	4500	00
Adam Smith,	525	50	220	00
Paul Jones,	430	00	936	45
Bills Receivable,	634	40	372	65
Bills Payable,	382	75	668	25
Loss and Gain,	23	00	28	50
Expenses,	14	50		
Proprietor,			6022	80
	16724	55	16724	55

Statement for Exercise 5

	Items		Totals	
Resources —				
Cash,	6889	85		
Adam Smith,	305	50		
Bills Receivable,	261	75	7457	10
Liabilities —				
Paul Jones,	506	45		
Bills Payable,	285	50	791	95
Net Capital,			6665	15
Gains —				
Merchandise,	801	35		
Loss and Gain,	5	50	806	85
Losses —				
Real Estate,	150	00		
Expense,	14	50	164	50
Net Gain,			642	35

Verification of Statement

Net Capital at present time, $6665.15
Net Capital at beginning, 6022.80
Net Gain, $642.35

Analysis of the Ledger

It should be remembered that the main purpose of book-keeping is to enable you to determine your resources and liabilities, also your gain and loss during a given time. If you are not able to draw these facts from the ledger and make a statement of them, your book-keeping is of little or no value to you.

A **Statement** is an exhibit of the results of the ledger, showing the resources, the liabilities, the gains, and the losses; also the net gain or net loss, and the net capital.

The results shown in the statements are obtained by an analysis of the ledger accounts.

Ledger accounts may be readily analyzed by recalling the general principles of debit and credit as stated in the four general rules for journalizing, page 115. Applying these rules to each of the above accounts you may determine whether it represents a resource, liability, gain, or loss. Let us begin with the first account, Cash, as found in the above trial balance.

The **Cash account** being debited for all money received and credited for all money paid out (Rule 1), it follows that, as the debit side is the larger, the difference, $6889.85, is a resource. Check each account, first in trial balance and then in statement, as the results are obtained.

As the **Merchandise account** is debited when the goods come in, that is, when purchased, and credited when they pass out, that is, when sold (Rule 1), the debit side, $2347.30, shows the cost, and the credit side, $3148.65, the amount for which they were sold; hence the difference, $801.35, is placed under the gain (check).

The **Real Estate account**, like the Merchandise, is debited when the property comes in, or is purchased, and credited when it goes out, or is sold (Rule 1). As the debit side or the cost is greater than the credit side or the amount for which it was sold, the difference, $150, is placed under the losses.

As a **Person's account** is debited when he receives value from us, or owes us, and credited when we receive value from him, or owe him (Rule 2), it follows that Adam Smith's account being larger on the debit side, the difference, $305.50, is a resource.

Applying the same rule and reasoning to Paul Jones' account, it is found that his account represents a liability of $506.45.

Bills Receivable account being debited when the notes or bills come in and credited when they go out, that is, when paid (Rule 1), the debit side being the larger, the difference, $261.75, shows the amount still due us, and is therefore a resource.

Bills Payable account being debited when the notes or bills come in, that is, when redeemed, and credited when they go out, that is, when issued (Rule 1), the credit side being the larger, it follows that we owe the difference, $285.50; hence bills payable is a liability.

The **Loss and Gain account** being debited for losses and credited for gains (Rule 3), it follows that the credit side being the larger, the difference, $5.50, is a gain.

The **Expense account**, a branch or subdivision of the loss and gain account, being debited for losses and credited for gains, the amount, $14.50, is a loss.

As the **Proprietor's account** is credited for his investment and debited for the amount drawn out (Rule 4), his account does not show specially a resource, liability, gain, or loss, and is therefore omitted in making up the statement.

The **Net Gain** is the difference between the total gains and total losses. The **Net Capital** is the difference between the total resources and total liabilities.

From the above analysis it appears that in a double entry ledger there are two distinct classes of accounts, — one class representing resources or liabilities, sometimes called **Primary accounts**, the other class representing gains or losses, sometimes called **Secondary accounts**; that a debit balance in a

primary account shows a resource, while a credit balance shows a liability; that a debit balance of a secondary account shows a loss, while a credit balance shows a gain. All personal accounts, Cash, and written obligations to pay Cash are Primary, while all or nearly all other accounts are Secondary.

Review

1. What is a statement? 2. How are the results shown in the statement obtained? 3. When the debit side of the cash account is the larger, what result is shown? Can the credit side ever be the larger in this account? 4. Which side of the merchandise account shows the cost? When the credit side is the larger, what result is shown? 5. What result is shown when the debit side of the real estate is the larger? Illustrate. 6. When does a personal account show a resource, and when a liability? Illustrate. 7. When a note is received, on which side of the bills receivable account is the entry made? When is the entry made on the credit side of this account? When the debit side is the larger, what result is shown? 8. When is the account bills payable credited, and when debited? Which side must be the larger to show a liability? Can the debit side ever be the larger? 9. When the credit side of the loss and gain account is the larger, what result is shown? Mention some branch accounts, or subdivisions, of the loss and gain account. 10. Does the proprietor's account show either a resource, liability, gain, or loss? 11. How is the net capital found? How is the net gain found? How is the net gain found in single entry?

Rule for finding the Gain or Loss when Property remains Unsold

Add the value of the unsold property to the credit of the account, then find the difference between the two sides. When the credit side is the larger, the difference is a gain; but when the debit side is the larger, the difference is a loss.

Example

Merchandise account, debit, $1250; credit, $900. The value of the Merchandise unsold is $500. What is the gain or loss?

Ans. Gain, $150.

Explanation. Since the Merchandise account is credited for the sales, $900 represents the amount for which the goods have been sold, to which should be added the value of goods unsold, $500, making a sum of $1400. Deducting $1250, the debit, or the cost, gives $150, the gain.

Find the gain or loss in the following Property accounts:

1. Merchandise account, debit, $2600; credit, $2750; value of Merchandise unsold, $230.
2. Merchandise account, debited, $980.50; credit, $720.40; value of Merchandise unsold, $155.60.
3. Real Estate account, debit, $4500; credit, $2500; unsold valued at $3200.
4. Erie R. R. Stock, debit, $2750; credit, $1500; unsold market value, $1000.
5. Merchants' Bank Stock, debit, $3675; no credit. The market value of the stock to-day is $3850.

Exercises in making Statements

Directions. Analyze each of the following trial balances, and make a statement of the *Resources*, *Liabilities*, *Net Capital*, *Gains*, *Losses*, and *Net Gain*, or *Net Loss*, following the form given on page 139.

Trial Balance 1	*Dr.*	*Cr.*
Proprietor,		7000 00
Cash,	14132 22	7464 36
Merchandise (Unsold, $900),*	3745 00	3385 00
Expense,	125 00	
Thomas White,	360 00	160 00
King & Johnson,	400 00	250 00
W. W. Wood,	800 00	2000 00
Stuart Irving,	1470 00	1470 00
Bills Receivable,	1525 00	725 00
Bills Payable,	1470 00	1670 00
N. Y. Cent. R. R. Stock,	5000 00	4900 00
Interest and Discount,	2 78	5 64
	29030 00	29030 00

* Unsold Mdse. and unsold property of every kind is a resource.

Trial Balance 2	*Dr.*	*Cr.*
Proprietor,		3200 00
Cash,	2800 00	2265 00
Bills Receivable,	1700 00	1300 00
Bills Payable,	450 00	2000 00
Black & Clifford,	325 00	795 00
R. M. Browning,	880 00	250 00
Gilbert Coleman,	730 00	150 00
Merchandise (Inventory, $1500),	5600 00	3800 00
Reading R. R. Stock (Inventory, $2000),	4000 00	2500 00
Expense,	375 00	
Commission,		600 00
	16860 00	16860 00

Trial Balance 3	*Dr.*	*Cr.*
Proprietor,		3000 00
Merchandise (Inventory, $3200),	5000 00	2420 00
Expense,	250 00	
Real Estate,	6700 00	6500 00
Interest and Discount,	45 00	65 00
Cash,	2750 00	2425 00
Robert Maynard,	875 00	240 00
Hart & King,	700 00	500 00
Bills Receivable,	1500 00	800 00
Bills Payable,	250 00	1250 00
Geo. P. Wright,		975 00
Jas. Crawford,	350 00	600 00
J. H. Williams & Co.,	1000 00	1375 00
Miller & Hall,	755 00	
Loss and Gain,		25 00
	20175 00	20175 00

Trial Balance 4	*Dr.*	*Cr.*
Capital,		500 00
Merchandise (Inventory, $6500),	9000 00	4725 00
Real Estate (Inventory, $4000),	8700 00	5500 00
Erie R. R. Stock (Inventory, $500),	3500 00	2500 00
Personal Property (Inventory, $300),	1250 00	800 00
Expense,	175 00	
Loss and Gain,		125 00
Cash,	400 00	320 00
Bills Receivable,	1550 00	1200 00
W. H. Walker,	640 00	
James Simpson,	875 00	450 00
Bills Payable,		7000 00
First National Bank,	280 00	50 00
J. C. Andrews,	1460 00	1800 00
Worth & Willis,	720 00	1000 00
J. P. Harper,	150 00	740 00
Davis, Taylor & Co.,		1990 00
	28700 00	28700 00

Trial Balance 5	*Dr.*	*Cr.*
Proprietor,		9650 00
Cash,	8240 50	6135 20
Real Estate (Inventory, $4500),	9500 00	4000 00
N. Y. Cent. R. R. Stock,	3850 00	3500 00
Expense,	175 80	
F. C. Jenkins,	2860 35	2150 70
Joseph Webster,	135 25	795 50
Benj. Churchfield,	627 60	
Barton & Co.,	500 00	940 00
Merchandise (Inventory, $4200),	8642 30	5925 40
Bills Payable,		1307 40
James Hunter,		127 60
	34531 80	34531 80

Balance Sheet Exercise 2

Accounts	Dr.		Cr.		Inventory		Losses		Gains		Liabilities		Resources	
Proprietor,			3200	00										
Cash,	2800	00	2265	00									535	00
Bills Receivable,	1700	00	1300	00									400	00
Bills Payable,	450	00	2000	00							1550	00		
Black & Clifford,	325	00	795	00							470	00		
R. M. Browning,	880	00	250	00									630	00
Gilbert Coleman,	730	00	150	00									580	00
Merchandise,	5600	00	3800	00	1500	00	300	00					1500	00
Reading R. R. Stock,	4000	00	2500	00	2000	00			500	00			2000	00
Expense,	375	00					375	00						
Commission,			600	00					600	00				
	16860	00	16860	00	3500	00								
						Net Gain,	425	00						
							1100	00	1100	00				
										Net Capital,	3625	00		
											5645	00	5645	00

Explanation. A Balance Sheet is a paper showing the combined results of a trial balance and statement. It exhibits the debits and credits of each account as well as the resources, liabilities, gains, and losses.

Various forms of balance sheets are in use, but the one above is simple and practical, and shows in itself the purpose of such a paper.

Balance sheets for Exercises 1, 3, 4, and 5 should now be made.

Another Form of Balance Sheet

Losses		Resources		Debits		Accounts	Credits		Liabilities		Gains	
						Proprietor	3200	00				
		535	00	2800	00	*Cash*	2265	00				
		400	00	1700	00	*Bills Receivable*	1300	00				
				450	00	*Bills Payable*	2000	00	1550	00		
				325	00	*Black & Clifford*	795	00	470	00		
		630	00	880	00	*R. M. Browning*	250	00				
		580	00	730	00	*Gilbert Coleman*	150	00				
300	00	1500	00	5600	00	*Merchandise*	3800	00				
		2000	00	4000	00	*Reading R. R. Stock*	2500	00			500	00
375	00			375	00	*Expense*						
						Commission	600	00			600	00
675	00	5645	00	16860	00		16860	00	2020	00	1100	00

Closing Accounts

The purpose of closing accounts in the ledger is twofold; first, to exclude from further consideration all entries except the difference or balance, and second, to cause the proprietor's account to show the net gain or net loss.

Accounts which represent resources or liabilities, such as personal accounts, Cash, etc., are closed in the same way as in single entry (see page 32); but accounts which in any way show gains or losses are closed in a different manner and require an explanation. We shall begin with the merchandise account.

Dr. ***Merchandise*** ***Cr.***

June	1		1400	00	June	4		1200	00
"	2		3200	00	"	8		2500	00
"	7		1000	00	"	14		672	35
"	10		295	50	"	17		865	45
"	30	Loss and Gain	400	55	"	28		358	25
					"	30	Inventory	700	00
			6296	05				6296	05

To close the Merchandise Account

1st. Enter the inventory (value of unsold Merchandise) in red ink on the credit side.

2d. After the inventory has been entered, ascertain the difference between the two sides.

3d. Enter the difference, $400.55, in red ink, on the smaller side (in this case the debit), with the words "Loss and Gain."

4th. Carry the difference to the opposite side of the ledger under the loss and gain account, entering it in black ink, with the word "Merchandise."

5th. Enter the footing and rule the lines.

Dr. ***Interest and Discount*** ***Cr.***

June	19			4	37	June	15	10	67
"	26			1	75				
"	30	Loss and Gain		4	55				
				10	67			10	67

To close the Interest and Discount Account

1st. Ascertain the difference between the two sides and enter it on the smaller side, in red ink, with the words "Loss and Gain."

2d. Carry this difference to the opposite side of the ledger under the loss and gain account, entering it in black ink, with the words "Interest and Discount."

Dr. ***Expense*** ***Cr.***

June	8			175	00	June	30	Loss and Gain	261	50
"	5			26	50					
"	30			60	00					
				261	50				261	50

The expense account is closed in the same manner as the interest and discount account.

Dr. ***Loss and Gain*** ***Cr.***

June	30	Expense		261	50	June	30	Merchandise	400	55
"	30	Proprietor		143	60	"	30	Int. and Dis.	4	55
				405	10				405	10

To close the Loss and Gain Account

The debit side of this account now shows all the losses, and the credit side all the gains, the difference, $143.60, being the net gain.

1st. Enter the difference between the two sides on the smaller side in red ink, with the word "Proprietor."

2d. Carry this difference to the opposite side of the ledger under the proprietor's account, entering it in black ink.

Dr. ***Proprietor*** ***Cr.***

June	30	Balance		2985	35	June	1			2841	75
						"	30	Loss and Gain		143	60
				2985	35					2985	35

To close the Proprietor's Account

The proprietor's account now shows on the credit side not only his investment, but also his net gain. The account is closed by entering on the smaller side (debit side) in red ink the amount which makes the sides equal, with the word "Balance."

Remark. It will now be seen that the gains and losses in the statement correspond with the results shown by the secondary accounts in the ledger.

The method of closing accounts which show gains or losses may be stated in the following general

Rules for Closing

1st. *Enter the inventory in red ink on the credit side of the account to which it belongs.*

2d. *Ascertain the difference between the two sides, and close the account into loss and gain account.*

3d. *After all the accounts which show gains or losses have been closed into the loss and gain account, then close the loss and gain account into the proprietor's account.*

4th. *Close the proprietor's account in the same way that a personal account is closed.*

Review

1. What is the purpose of closing an account in the ledger? 2. Are accounts which represent resources or liabilities closed in the same way as accounts which show gains or losses? 3. Describe the manner of closing the cash account. 4. What is the first step in closing an account which shows a gain or loss when there is an inventory pertaining to that account? What is an inventory? 5. Before any steps have been taken to close the merchandise account, does either the debit or credit side show the value of the property unsold? What facts are shown by the two sides of this account before the inventory is entered? 6. Into what account is the merchandise account and all accounts which show gains or losses closed? 7. Into what account is the gain and loss account closed? 8. On which side of the proprietor's account will the gain appear?

Exercises in closing Accounts which show Gains and Losses

Direction. Open in the blank ledger the accounts mentioned below, allowing five lines for each, and then close according to the directions given on page 148.

1

Proprietor's account, credit, Feb. 4, $ 8520; debit, Feb. 20, $ 120. *Merchandise account*, debit, Feb. 4, $ 2630; Feb. 10, $ 722; Feb. 20, $ 624; credit, Feb. 6, $ 850; Feb. 9, $ 975. *Real Estate account*, debit, Feb. 5, $ 900; credit, Feb. 25, $ 8800. *Expense account*, debit, Feb. 12, $ 26.40; Feb. 30, $ 8.35. *Loss and Gain account*, credit, Feb. 8, $ 15.30. Inventory of Merchandise, $ 2640.

2

Proprietor's account, credit, March 1, $ 1540. *Merchandise account*, debit, March 2, $ 2105.40; credit, March 4, $ 756.24; March 15, $ 1020. *Erie R. R. Stock*, debit, March 6, $ 1200; credit, March 20, $ 1270.50. *Expense account*, debit, March 14, $ 127.50. *Loss and Gain account*, credit, March 28, $ 95.50. Inventory of Merchandise, $ 300.

3

Stock (Proprietor), credit, April 7, $987.50; debit, April 17, $100. *Merchandise*, debit, April 7, $1492.85; credit, April 10, $676.40; April 14, $376.75; April 30, $580.20. *Real Estate*, debit, April 18, $3490. *Interest and Discount*, debit, April 16, $7.85; credit, April 25, $12.45. Inventory of Real Estate, $3600.

4

Stock, credit, May 1, $5000. *Merchandise*, debit, May 2, $700; May 7, $800; credit, May 15, $300.75; May 24, $200; May 27, $699.25. *N. Y. Cent. R. R. Stock*, debit, May 15, $2000; credit, May 20, $1800. *Expense*, debit, May 18, $14.50. *Interest and Discount*, debit, May 4, $4.75; credit, May 26, $2.50. Inventory Merchandise, $500. N. Y. Cent. R. R. Stock, $600.

5

Frank Wells (Proprietor), debits, June 1, $230; June 30, $350; credits, June 1, $4875; June 15, $2500. *Merchandise*, debits, June 2, $3180.50; June 8, $870.40; credits, June 4, $578.25; June 10, $1298.75; June 20, $1047.50; June 25, $765.80. *Expense*, debits, June 2, $150; June 5, $32.50; June 18, $43.20. *Interest and Discount*, debits, June 15, $2.65; June 25, $3.15; credits, June 12, $5.20; June 30, $1.85. *Lake Shore R. R. Stock*, debit, June 5, $4150; credit, June 30, $1875.30. *Loss and Gain*, debit, June 12, $105.50. Inventory of Merchandise, $900. Inventory of Lake Shore R. R. Stock, $2100.

6

Walter Harris and James Hunt are partners sharing the gains and losses equally. Walter Harris' %, debit, July 5, $178.50; credit, July 5, $7780. James Hunt's %, debit, July 24, $250; credit, July 5, $8200. *Wheat* (Merchandise), debits, July 7, $5870.40; July 10, $3170.20; July 25, $2235; credits, July 6, $3790.60; July 13, $2840.50; July 20, $2500; July 27, $1200. *Expense*, debits, July 6, $47.50; July 10, $125. *Commission*, credits, July 12, $140; July 16, $85.50. *Real Estate*, debit, July 15, $5900; credit, July 30, $5540. *Loss and Gain*, debit, July 14, $160; credit, July 25, $240. Inventory of Wheat, $2250.

EXAMPLE I

A Complete Theoretical Set, including Day-Book, Journal, Ledger, Trial Balance, and Statement

In this example, a day-book, journal, ledger, trial balance, and statement are used to illustrate what is called a Theoretical Set.

In the day-book will be found a complete record of all the transactions made at the time they occur. The entry in this book should be clear, concise, and comprehensive, omitting no important detail.

The journal is the same as that used in preceding exercises.

In the ledger the only new feature to be observed is the explanation which accompanies each debit or credit. The explaining word in the ledger entry is the opposite or counter journal entry. For example, the journal entry on March 1 is cash debited and proprietor credited. When this cash debit is carried to the ledger, the explaining word used is "Proprietor," and when the proprietor's credit is entered in the ledger the explaining word is "Cash."

The different parts of this set should be examined in the following order: 1st. The day-book; 2d. The journal; 3d. The ledger; 4th. The trial balance; and 5th. The statement.

Day-Book

New York, March 1, 189–

	Items		Totals	
Began business with a Cash investment,			7000	00
2				
Bought of W. W. Wood on %,				
402 bbls. Flour @ $5.15,			2070	30
3				
Paid store rent for March,			125	00
4				
Bought of Stewart Irving on %,				
805 bu. Wheat @ 90c.,	724	50		
1500 bu. Corn @ 50c.,	750	00	1474	50
5				
Sold to Thomas White on %,				
600 bu. Corn @ 60c.,			360	00
6				
Sold James Young for Cash,				
50 bbls. Flour @ $6.25,	312	50		
100 bu. Wheat @ $1,	100	00	412	50
8				
Sold to King & Johnson,				
98 bbls. Flour @ $6.25,			612	50
Received in payment Cash,	212	50		
Balance on %,	400	00		
9				
Bought of Samuel Ward,				
500 bu. Corn at 55c.,			275	00
Paid Cash,	75	00		
Gave my note @ 30 days for balance,	200	00		
10				
Received Cash of Thomas White on %,			162	75

New York, March 12, 189–

	Items		Totals	
Sold to James Martin on his note @ 30 days,				
800 bu. Corn @ 55c.,	440	00		
300 bu. Wheat @ 95c.,	285	00	725	00
15				
Gave Stewart Irving my note @ 30 days to balance his account,			1474	50
17				
Bought for Cash, N. Y. Cent. R. R. Stock, 50 Shares @ $100,			5000	00
20				
Paid W. W. Wood Cash on %,			823	50
22				
Jas. Martin has prepaid his note of the 12th,			725	00
Cash received,	722	22		
Discount,	2	78		
24				
Sold Henry A. Field,				
207 bbls. Flour @ $6.50,			1345	50
Received Cash,	545	50		
His note @ 10 days for balance,	800	00		
25				
Discounted my note of the 15th,			1474	50
Paid Cash,	1469	58		
Discount off,	4	92		
27				
Sold for Cash, N. Y. Cent. R. R. Stock, 50 Shares @ $98,			4900	00
31				
Received from King & Johnson on %,			256	75

Journal

New York, March 1, 189–

Dr.			Accounts Debited	Accounts Credited	Cr.	
7000	00	158	Cash			
		158		Proprietor	7000	00
			2			
2070	30	158	Merchandise			
		159		W. W. Wood	2070	30
			3			
125	00	158	Expense			
		158		Cash	125	00
			4			
1474	50	158	Merchandise			
		159		Stewart Irving	1474	50
			5			
360	00	158	Thomas White			
		158		Merchandise	360	00
			6			
412	50	158	Cash			
		158		Merchandise	412	50
			8			
212	50	158	Cash			
400	00	159	King & Johnson			
		158		Merchandise	612	50
			9			
275	00	158	Merchandise			
		158		Cash	75	00
		159		Bills Payable	200	00
			10			
162	75	158	Cash			
		158		Thomas White	162	75

New York, March 12, 1897

Dr.			Accounts Debited	Accounts Credited	Cr.	
725	00	159	Bills Receivable			
		158		Merchandise	725	00
				15		
1474	50	159	Stewart Irving			
		159		Bills Payable	1474	50
				17		
5000	00	159	N. Y. Cent. R. R. Stock			
		158		Cash	5000	00
				20		
823	50	159	W. W. Wood			
		158		Cash	823	50
				22		
722	22	158	Cash			
2	78	159	Discount			
		159		Bills Receivable	725	00
				24		
545	50	158	Cash			
800	00	159	Bills Receivable			
		158		Merchandise	1345	50
				25		
1474	50	159	Bills Payable			
		158		Cash	1469	58
		159		Discount	4	92
				27		
4900	00	158	Cash			
		159		N. Y. Cent. R. R. Stock	4900	00
				31		
256	75	158	Cash			
		159		King & Johnson	256	75

Ledger

Dr. **Proprietor** **Cr.**

Mar.	31	Balance		7312	84	Mar.	1	Cash	156	7000	00
						"	31	Loss and Gain	159	312	84
				7312	84					7312	84

Dr. **Cash** **Cr.**

Mar.	1	Proprietor	156	7000	00	Mar.	3	Expense	156	125	00
"	6	Merchandise	156	412	50	"	9	Merchandise	156	75	00
"	8	Merchandise	156	212	50	"	17	N.Y. C. R.R.S.	157	5000	00
"	10	Thomas White	156	162	75	"	20	W. W. Wood	157	823	50
"	22	Bills Receivable	157	722	22	"	25	Bills Payable	157	1469	58
"	24	Merchandise	157	545	50	"	31	Balance		6719	14
"	27	N.Y. C. R.R. S.	157	4900	00						
"	31	King & Johnson	157	256	75						
				14212	22					14212	22

Dr. **Merchandise** **Cr.**

Mar.	2	W. W. Wood	156	2070	80	Mar.	5	Thomas White	156	360	00
"	4	Stewart Irving	156	1474	50	"	6	Cash	156	412	50
"	9	Sundries	156	275	00	"	8	Sundries	156	612	50
"	31	Loss and Gain	159	535	70	"	12	Bills Receivable	157	725	00
						"	24	Sundries	157	1345	50
						"	31	Inventory		900	00
				4855	50					4855	50

Dr. **Expense** **Cr.**

Mar.	3	Cash	156	125	00	Mar.	31	Loss and Gain	159	125	00

Dr. **Thomas White** **Cr.**

Mar.	5	Merchandise	156	360	00	Mar.	10	Cash	156	162	75

Dr. **King & Johnson** **Cr.**

Mar.	8	Merchandise	156	400	00	Mar.	31	Cash	157	256	75

Dr. **W. W. Wood** **Cr.**

Mar.	20	Cash	157	823	50	Mar.	2	Merchandise	156	2070	30

Dr. **Stewart Irving** **Cr.**

Mar.	15	Bills Payable	157	1474	50	Mar.	4	Merchandise	156	1474	50

Dr. **Bills Receivable** **Cr.**

Mar.	12	Merchandise	157	725	00	Mar.	22	Sundries	157	725	00
"	24	Merchandise	157	800	00						

Dr. **Bills Payable** **Cr.**

Mar.	25	Sundries	157	1474	50	Mar.	9	Merchandise	156	200	00
						"	15	Stewart Irving	157	1474	50

Dr. **N. Y. Cent. R. R. Stock** **Cr.**

Mar.	17	Cash	157	5000	00	Mar.	27	Cash	157	4900	00
						"	31	Loss and Gain	159	100	00
				5000	00					5000	00

Dr. **Interest and Discount** **Cr.**

Mar.	22	Bills Receivable	157	2	78	Mar.	25	Bills Payable	157	4	92
"	31	Loss and Gain	159	2	14						
				4	92					4	92

Dr. **Loss and Gain** **Cr.**

Mar.	31	Expense	158	125	00	Mar.	31	Merchandise	158	585	70
"	31	N.Y.C.R.R.S.	159	100	00	"	31	Int. and Dis.	159	2	14
"	31	Proprietor	158	312	84						
				537	84					537	84

Trial Balance	*Dr.*		*Cr.*	
Proprietor,			7000	00
Cash,	14212	22	7493	08
Merchandise (Unsold, $900),	3819	80	3455	50
Expense,	125	00		
Thomas White,	360	00	162	75
King & Johnson,	400	00	256	75
W. W. Wood,	823	50	2070	30
Stewart Irving,	1474	50	1474	50
Bills Receivable,	1525	00	725	00
Bills Payable,	1474	50	1674	50
N. Y. Cent. R. R. Stock,	5000	00	4900	00
Interest and Discount,	2	78	4	92
	29217	30	29217	30

Statement

	Items		Totals	
Resources —				
Merchandise unsold,	900	00		
Cash,	6719	14		
Thomas White,	197	25		
King & Johnson,	143	25		
Bills Receivable,	800	00	8759	64
Liabilities —				
W. W. Wood,	1246	80		
Bills Payable,	200	00	1446	80
Net Capital,			7312	84
Gains —				
Merchandise,	535	70		
Interest and Discount,	2	14	537	84
Losses —				
Expense,	125	00		
N. Y. Cent. R. R. Stock,	100	00	225	00
Net Gain,			312	84

The Day-Book Journal

The day-book and journal combined in one book as found below is a practical form of a book of original entry.

It should be compared with the day-book and journal of Example 1, as it is formed out of those two books.

Dr.		*New York, March* 1, 189–	*Cr.*	
7000	00	CASH		
		PROPRIETOR	7000	00
		Investment.		
		2		
2070	30	MERCHANDISE		
		W. W. WOOD	2070	30
		Bought 402 bbls. Flour @ $5.15.		
		3		
125	00	EXPENSE		
		CASH	125	00
		Paid rent for March.		
		4		
1474	50	MERCHANDISE		
		STEWART IRVING	1474	50
		Bought 805 bu. Wheat @ 90¢, $724.50.		
		" 1500 bu. Corn @ 50¢, $750.00.		
		5		
360	00	THOMAS WHITE		
		MERCHANDISE	360	00
		Sold, on %, 600 bu. Corn @ 60¢.		
		6		
412	50	CASH		
		MERCHANDISE	412	50
		Sold James Young for Cash		
		50 bbls. Flour @ $6.25, $312.50.		
		100 bu. Wheat @ $1, $100.00.		
		8		
212	50	CASH		
400	00	KING & JOHNSON		
		MERCHANDISE	612	50
		Sold 98 bbls. Flour @ $6.25, $612.50,		
		Received Cash, $212.50; balance on %.		
		9		
275	00	MERCHANDISE		
		CASH	75	00
		BILLS PAYABLE	200	00
		Bot. of S. Ward 500 bu. Corn @ 55¢.		
		Paid Cash, $75; gave note @ 30 ds. for $200.		
		10		
162	75	CASH		
		THOMAS WHITE	162	75
		Received on %.		

Set A

Direction. 1st. Journalize the transactions. 2d. Post them. 3d. Make the trial balance. 4th. Make the statement. 5th. Close the accounts in the ledger which show gains or losses, causing the proprietor's account to show the net gain or net loss.

Suggestion. Either the day-book journal, or the more simple form of journal, may be used in this and the following set.

Jan. 2. The proprietor began business with Cash on hand, $4500.
" 3. Bought Merchandise of Chas. Mason for Cash, $1500.
" 4. Sold Merchandise for Cash, $850.
" 6. Bought Merchandise for Cash, $500.
" 7. Bought Merchandise of Henry Wilson on %, $975.
" 7. Sold Merchandise to J. H. Raymond on %, $740.
" 9. Sold Merchandise to James Worth for Cash, $625.
" 10. Bought Merchandise of Geo. C. Adams & Co. on %, $1000.
" 11. Sold Merchandise to Miller & White on %, $1460.
" 13. Paid Henry Wilson Cash on %, $250.
" 14. Received Cash of J. H. Raymond on %, $400.
" 14. Paid store rent for April, $150.
" 18. Sold Merchandise for Cash, $1045.00.
" 20. Received of Miller & White Cash on %, $460.
" 24. Paid for stationery and postage, $25.
" 29. Received of J. H. Raymond Cash in full of his account, $340.
" 31. The proprietor has drawn Cash for private use, $200.

Ans. Net Capital, $4870; Net Gain, $570.

Set B

Feb. 1. Began business with resources and liabilities as follows: Cash on hand, $2300; E. F. Cooper owes me on %, $1500; I owe Chas. A. Davis on %, $800.
" 2. Paid store rent for February, $250.
" 3. Bought Merchandise for Cash, $1200.
" 5. Sold Merchandise to Edgar Hill on his note @ 5 days, $670.
" 6. E. F. Cooper paid Cash on %, $450.

Feb. 7. Sold Merchandise for Cash, $ 585.50.
" 8. Bought Merchandise of Daniel Curtis on my note @ 12 days, $ 2580.
" 10. Sold Merchandise to Harris & Gray, $ 1050; received in payment, Cash, $ 550; balance charged to their account.
" 12. Paid store expenses, $ 18.75.
" 13. Edgar Hill has paid his note, $ 670.
" 15. Sold Merchandise to R. C. Dayton on his note @ 60 days, $ 820.
" 17. Paid Chas. A. Davis, Cash in full of account, $ 800.
" 20. Bought Merchandise of Marvin & Co., $ 2175; paid Cash, $ 675; and gave my note @ 12 days for balance, $ 1500.
" 22. Sold Merchandise to Frank Jones for Cash, $ 1800.
" 23. Paid our note to Daniel Curtis of the 8th in Cash, $ 2580.
" 24. Received of Harris & Gray, Cash on %, $ 150.
" 27. The proprietor has drawn Cash for private use, $ 260.
" 28. Received of Harris & Gray $ 100 on %.
Merchandise remaining unsold is valued at $ 1400.
Ans. Net Capital, $ 2841.75; Net Gain, $ 101.75.

Journal Exercises

The ability to readily determine the debits and credits in complicated transactions must be acquired by the book-keeper at some time, and it is suggested that the present is the best time to practice journalizing till he becomes proficient.

Nothing in the entire course of Book-keeping calls into play the reasoning faculties so much as journalizing intricate transactions, and as a means of developing the power to think logically upon practical questions, the exercise is highly recommended.

For journalizing drafts and acceptances, Rule 2 may be briefly expressed thus: **Debit** ***the person who draws a draft on us;*** **credit** ***the person on whom we draw.***

1

Direction. Enter only in the journal.

1. Frank Judson has drawn a draft on us @ 10 days' sight for balance due him, $225, which we have accepted.

Explanation. Frank Judson, having drawn on us, is debited according to the rule as expressed above. The draft is accepted by our writing certain words across its face, thus making it our written obligation to pay (Rule 1). When these written obligations are issued, or go out, they are credited as bills payable (Rule 1).

2. We have drawn a draft @ 5 days' sight on J. L. Harper for $165 in our own favor, which Harper has accepted.

Explanation. Having drawn on J. L. Harper, he should be credited according to the rule,—Debit the person who draws on us, credit the person on whom we draw. The draft having been accepted, we debit bills receivable, as it comes in (Rule 1).

3. Shipped to Smith & Hall, Chicago, to be sold on our account and risk, Merchandise valued at $2500.

Explanation. "Shipment to Smith & Hall" is the title of the account which should be debited, as the goods are not sold but only shipped to Smith & Hall to be sold on our account and risk. Merchandise account should be credited (Rule 1).

4. Prepaid my note of $750 to Wm. Austin & Co.; discount off, $6.88; net proceeds paid in Cash, $743.12.

Explanation. To prepay a note is to pay it before it is due. As the note is redeemed, or comes in, bills payable is debited for its face value, $750 (Rule 1). Cash is credited (Rule 1) for the amount paid. Discount also is credited for $6.88, as we have gained the discount. Discount being a branch of the loss and gain account, it should be debited when we lose the discount, but credited when we gain the discount.

5. A. P. Stevens has prepaid his note to us for $645; discount off, $8.92; net proceeds received in Cash, $636.08.

Explanation. Cash should be debited for the actual amount received, $636.08. As we have lost the discount, $8.92, the account discount should be debited, and bills receivable should be credited for the face value of the note, $645 (Rule 1).

6. Received Account Sales of Merchandise shipped to Smith & Hall, showing the net proceeds to be $2695, which we have received in Cash.

Explanation. We have received not only the account sales, but also the Cash. The account Cash is therefore debited. Since we debited shipment to Smith & Hall, when the Merchandise was sent to them, we should now credit that account, as the goods are sold. Shipment accounts are merely branches of the Merchandise account, and like that account show by the debit side the cost of the goods, and by the credit side the returns.

7. Thomas Irving has settled his account by giving us Cash, $140, and his sight draft on James Black for $160.

Explanation. A sight draft being considered as Cash, we should debit the Cash account for $140 plus $160.

8. Settled my account with Charles F. Kenyon by giving him a sight draft on George Hilton for $85.50, and my note @ 30 days for balance, $114.50.

Explanation. Charles F. Kenyon should be debited for the whole amount, $200 (Rule 2). George Hilton should be credited for $85.50, as we have drawn on him. Bills payable also should be credited.

9. Shipped to Gilbert & Foster, Portland, Me., to be sold on our account and risk, Merchandise valued at $950; paid freight on same, $22.

Explanation. Shipment to Gilbert & Foster should be debited for the value of the Merchandise plus the amount paid for freight, or $972.

10. Received from Gilbert & Foster, an Account Sales of Merchandise shipped to them, showing our net proceeds to be $895.

Explanation. As the goods have been sold, and we have not yet received the money, we should debit Gilbert & Foster for the amount they owe us, and credit Shipment to Gilbert & Foster.

How much was the gain or loss on this shipment?

2

1. Bought Merchandise of L. W. Hammond, $890; paid for same by giving Geo. Brown's note which we held for $350, and our note @ 30 days for the balance, $540.

2. Sold Merchandise to A. H. Stratton, $1475; received in payment his note @ 60 days for $1000, and his check on Fourth National Bank for the balance.

3. James C. Corning has drawn a draft @ 10 days' sight on us for $ 302, in favor of L. Mayer; accepted same.

4. Shipped to St. Louis to be sold on our account and risk, Merchandise valued at $ 1800.

5. We have drawn a sight draft on Logan & Co. for balance of their account, $ 260, and sent same to David Young to apply on his account.

6. John Jones has settled his account by giving us a check on Merchants' Bank for $ 97, and his draft @ 5 days on Robert Walker for balance, $ 303, said draft having been accepted by Walker.

7. Prepaid my note of $ 540; discount off, $ 2.07; net proceeds paid in Cash, $ 537.93.

8. A. H. Stratton has prepaid his note to us for $ 1000; discount off, $ 7.90; net proceeds received in Cash, $ 992.10.

9. Received Account Sales of Merchandise shipped to St. Louis; our net proceeds has been paid to us in Cash, $ 1750.

10. Settled my account with Henry Dwight by giving him a sight draft on Geo. Swift for $ 75 and Cash for balance, $ 25.

3

1. Accepted Wm. Mitchell's draft on us @ 15 days for $ 900 in favor of E. S. Wood.

2. Paid, with goods from store, S. C. Clark's order on us for $ 34.50 in favor of W. W. Stoddard.

3. Sold Merchandise to Geo. P. Smith, $ 900; received in payment Cash, $ 200, his note @ 5 days for $ 300, balance on %.

4. Bought Merchandise of S. T. Cary, $ 1200; gave in payment check on Mechanics' Bank for $ 300; a sight draft on John Parker for $ 450, and my note @ 4 months for the balance.

5. Geo. P. Smith is insolvent and we have accepted $ 120 in settlement of his note of $ 300; the balance, $ 180, is a total loss.

6. Received of W. G. Roberts, in settlement of his account, his note @ 30 days for $ 575, endorsed by C. Lambert.

7. The Merchants' Bank has discounted for me W. G. Roberts' note of $ 575 and given me the net proceeds in Cash, $ 572.25; discount allowed to the bank, $ 2.75.

8. Shipped to Reid & Lewis, Norfolk, Va., to be sold on our account and risk, Merchandise valued at $ 647; paid freight on same, $ 12.50.

9. Received of the Globe Insurance Co. $ 745.50 for goods destroyed by fire.

10. Reid & Lewis have sent us Account Sales of goods shipped, showing that our net proceeds are $ 720, for which they have sent us a draft on New York.

EXAMPLE II

The Special-column Journal

It has been the aim throughout this work to teach the pupil, step by step, the various parts of Book-keeping before giving him an entire set to work. When one has learned to journalize, to post, to make a balance sheet, and to close the accounts, he has at least learned the principles of double-entry Book-keeping. He has yet to learn some of the more practical forms to which these principles are applied.

The special-column journal on pages 169 and 170 is given as a practical form for keeping a business record when it is desired to keep but one book of original entry. At first glance it may appear intricate, but a closer examination will reveal, not only its simplicity, but also its utility as a labor-saving device.

Explanation of the Special-column Journal

The debits are entered on the left and the credits on the right, as in the ordinary journal.

In the column on the left, marked "Sundries," is entered every amount that should be debited except Cash. When Cash is to be debited, it should be entered in its own special column.

On the right, in the column marked "Sundries," is entered every amount that should be credited, except Cash and Merchandise. When Cash is to be credited, the entry should be made in the Cash column, not in the sundries column; and when Merchandise is sold, or when credited, the amount should be entered in the Merchandise column.

When the columns are added, the sum of the two on the left must, of course, be equal to the sum of the three on the right.

In posting, the total debit of the Cash column is carried directly to the ledger, and the credit column of Cash is posted in the same way. The sum of the Merchandise column is posted at once to the credit side of the ledger, but each amount in the sundries column is posted separately.

In examining the explanatory part of the journal, it will be seen that the day-book and journal have been combined, the journal entries being written in a larger hand, and the day-book part written below in a small neat hand.

The transactions from which this special-column journal has been made will be found on page 171.

Special-column Journal

Dr. *New York, Sept. 2, 189–* ***Cr.***

Cash	Sundries	L. P.		Sundries	Cash	Mdse.
	15400 00		Merchandise (per Inv.)			
	1360 00		Bill Receivable (Read's Note.)			
2150 00			Cash			
			Robert Patterson, Proprietor	3750 00		
				15160 00		
			Began business with the above resources and liabilities.			
			3			
	150 00		Expense			
			Cash		150 00	
			Paid rent for September.			
			4			
	336 00		William Allen			
			Merchandise			336 00
			Sold on % 240 bu. Wheat @ 90c., $216.			
			" 160 bu. Corn @ 50c., $80.			
			" 100 bu. Oats @ 40c., $40.			
			5			
	2525 00		Herman Decker			
			Merchandise			2525 00
			Sold on % 200 bbls. Extra Flour @ $7.00, $1400.			
			" 150 bbls. Fancy Flour @ $7.50, $1125.			
			7			
1360 00			Cash			
			Bills Receivable	1360 00		
			Received of James Read his check in payment of his note due this day.			
3510 00	19771 00			20270 00	150 00	2861 00

Dr. *New York, Sept. 9, 189–* *Cr.*

Cash		Sundries.		L. P.		Sundries.		Cash.		Mdse.	
3510	00	19771	00		brought	20270	00	150	00	2861	00
		2500	00		Merchandise						
					Cash			500	00		
					Mason & Dixon	2000	00				
					Bought per Invoice, gave in part payment Check on Fourth Nat. Bk.						
					10						
450	00				Cash						
		525	00		Chas A. Wingate						
					Merchandise.						
					Sold 500 bu. Corn @ 45c.					975	00
					" 30 tons Mill Feed @ $25.						
					Rec'd Ck. on Union Bk., $450.						
					11						
		675	00		Expense						
					Cash			675	00		
					Bought Horse and Wagon.						
					Paid per check.						
					12						
		3627	35		Shipment to Brown & Co.						
					Merchandise					3600	00
					Cash			27	35		
					Shipped to Brown & Co. to be sold on our %. Paid freight per check.						
					13						
		336	00		Robert Patterson						
					Wm. Allen	336	00				
					Drew sight draft on Allen in favor of Patterson.						
					14						
		2525	00		Bills Receivable						
					Herman Decker	2525	00				
					Rec'd Decker's note @ 5 days to balance his %.						
3960	00	29959	35			25131	00	1352	35	7436	00
		3960	00			1352	35				
						7436	00				
		33919	35			33919	35				

Transactions for Example II

Suggestion. If the pupil is not confident of his powers in journalizing, he should work this set first, as a journal exercise, using the two-column instead of the special-column journal.

Direction. Try to understand the transaction before attempting to make the journal entry. When you have decided the proper debits and credits, make the journal entry first, and then add such words of explanation as the case requires. The explanation should be as concise as possible; at the same time no important detail should be omitted.

After completing the day-book journal, begin the ledger. After posting make a balance sheet, and then complete the set by closing all the ledger accounts which show either a gain or loss.

New York, Sept. 2, 1897. The proprietor, Edward Dean, has begun the Flour, Grain, and Feed business with the following resources: Merchandise (including Grain, Feed, and Flour) per inventory, $15400; James Read's note for $1360 due Sept. 7; Cash on hand, $2150. Liabilities, an account due Robert Patterson for $3750.

Sept. 3. Rented store and paid 1 month's rent in advance, $150.

" 4. Sold Wm. Allen on %, 240 bu. Wheat @ 90c.; 160 bu. Corn @ 50c.; 100 bu. Oats @ 40c.

" 5. Sold Herman Decker on %, 200 bbls. Extra Flour @ $7; 150 bbls. Fancy Flour @ $7.50.

" 5. Deposited in Fourth National Bank, $2000.

Explanation. No entry need be made in the journal for this transaction.

Sept. 7. James Read paid his note of $1360 due to-day by giving us check on Merchants' Bank.

" 9. Bought Flour per invoice of Mason & Dixon, $2500. Gave in payment check on Fourth National Bank, $500; balance on %.

" 10. Sold to Chas. A. Wingate, 500 bu. Yellow Corn @ 45c.; 30 tons Mill Feed @ $25. Received in payment his check on Union Bank for $450; balance on %.

" 11. Bought Horses and Delivery Wagons, $675. Paid for same by check. (Debit Expense. Credit Cash.)

" 12. Shipped to Brown & Co., Philadelphia, to be sold on our account and risk, an invoice of Corn and Oats valued at $3600. Paid freight on same per check, $27.35.

Sept. 13. Have drawn a sight draft on Wm. Allen for the balance of his account, $ 336, and sent same to Robert Patterson to apply on his account.

" 14. Received of Herman Decker, to balance his account, his note @ 5 days indorsed by Abel Fisher for $ 2525.

" 16. Wm. Allen having refused to pay the sight draft on him of the 10th for $ 336, Robert Patterson has returned the same to us.

" 18. Sold Herman Decker on %, 300 bu. Wheat @ 85c.; 5 tons Mill Feed @ $ 27.

" 19. Robert Patterson has drawn on us at sight for $ 1500, which we have paid by check.

" 22. Paid for advertising by check, $ 37.80.

" 23. Sold to Chas. A. Wingate, 120 bbls. Extra Flour @ $ 7. Received in payment his check on Union Bank for $ 500; balance on %.

" 25. Herman Decker has paid his note of $ 2525 by giving us Cash, $ 2000, and his sight draft on Benjamin Rogers for $ 525.

" 26. Brown & Co. have rendered account sales of goods shipped them on the 12th, showing our net proceeds to be $ 3958.75, for which they have given us their note @ 60 days.

" 28. Sold Daniel Morton, 220 bbls. Fancy Flour @ $ 7.25. Received in payment Cash, $ 595, and his note @ 30 days for balance.

Inventory of property remaining unsold. Merchandise, $ 8050. Horses and Wagons, $ 675.

Note. As the cost of the horses and wagons, $ 675, has been charged to expense, the real loss on expense account is the total debit less $ 675, or the present value of the horses and wagons.

Trial Balance, Example II	*Dr.*		*Cr.*	
Edward Dean, Proprietor,			15160	00
Merchandise ($8050, unsold),	17900	00	10261	00
Bills Receivable,	8843	75	3885	00
Expense ($675, Horses and Wagons),	862	80		
Cash,	7580	00	2890	15
Robert Patterson,	1836	00	4086	00
Wm. Allen,	672	00	336	00
Herman Decker,	2915	00	2525	00
Mason & Dixon,			2000	00
Chas. A. Wingate,	865	00		
Shipment to Brown & Co.,	3627	35	3958	75
	45101	90	45101	90

Set C

Oct. 1. Edward Dean, the proprietor, continues the business with the resources and liabilities from the preceding Example, viz.: Resources, — Merchandise, $8050; Horses and Wagons (Expense), $675; Cash, $4689.85; Bills Receivable, $4958.75; Wm. Allen's account, $336; Herman Decker's account, $390; Chas. A. Wingate's account, $865. Liabilities, — Due Robert Patterson on %, $2250; Mason & Dixon on %, $2000.

" 2. Paid rent for October per check, $150.

" 3. Received of Chas. A. Wingate Cash on %, $500.

" 4. Sold C. D. Henderson on %, 50 bbls. Fancy Flour @ $7.25; 120 bu. Rye @ 95c.

" 6. Paid Robert Patterson on % per check, $1000.

" 7. Bought of H. C. Dobson & Co. Merchandise per invoice, $1267.50. Paid Cash, $800; balance on %. Received for Cash sales, $580.75.

" 9. Paid for repairing wagon, $13.25.

" 10. Sold to Wm. Allen on %, 50 bu. White Corn @ 73c.; 100 bu. Yellow Corn @ 62c.

" 12. Have drawn a draft on Herman Decker for balance of his account, $390, and sent same to Mason & Dixon to apply on their account.

Oct. 13. Paid clerk hire, $18.

" 14. Received for Cash sales, $432.25.

" 16. Shipped to King & Miller, Newport, to be sold on our account and risk, Merchandise valued at $1325.

" 18. Gave to Mason & Dixon our note @ 5 days to balance their account, $1610.

" 19. Sold to Chas. A. Wingate on %, 2 tons Fine Feed @ $22.50; 20 bu. Barley @ $1.35.

" 21. Received for Cash sales, $619.70.

" 23. Paid per check our note to Mason & Dixon, due to-day, $1610.

" 24. Robert Patterson has drawn a draft on us @ 10 days for $500, in favor of M. R. Lewis, which we have accepted.

" 26. Wm. Allen has paid us Cash on %, $125.

" 28. Daniel Morton has paid his note due us this day, $1000. Received for Cash sales, $870.30.

" 30. Received from King & Miller account sales of Merchandise shipped them on the 16th. Our net proceeds, which they have remitted to us in Cash, are $1480.

" 31. Received for Cash sales, $127.40. Paid clerk hire, $28.

Inventory of Property: Merchandise unsold, $4750.25; Horses and Wagons, $650.00. *Ans.* Net Loss, $44.10.

Set D

Lumber Business

May 6. Philip Bruce began the lumber business with the following resources: Lumber valued at $7250; Horses and Wagons, $850; Cash on hand and in bank, $540.60.

" 7. Sold Bell & Graham on %, 16 M Hemlock Boards @ $11; 30 M Flooring @ $18.

" 8. Bought of Long & Willis on %, Lumber (Merchandise) per invoice, $1670.

" 9. Sold to Robert C. Dayton on %, 22 M xxx Shingles @ $3.75; 15 M Pine Siding @ $28.

" 10. Paid for carting lumber, $12.75.

May 11. Received for Cash sales, $148.65. Paid sundry expenses, $2.40.

" 13. Bought of H. G. Gray & Co. on %, Lumber per invoice, $835.90.

" 14. Sold to Alfred Tripp on %, 20 M Spruce Lumber @ $14.50; 12 M Laths @ $2.80.

" 16. Long & Willis have drawn a draft on us at 10 days' sight for $800, which we have accepted.

" 17. Received of Bell & Graham on %, their check on Sixth National Bank for $400.

" 18. Received for Cash sales, $218.50.

" 20. Robert Dayton has given us his note @ 30 days, to balance his account, $502.50.

" 21. Sold to Wm. Howard on %, 30 M No. 1 Fencing @ $11.50; 5 M Clapboards @ $45; 8 M xx Shingles @ $3.25.

" 22. Received of Alfred Tripp Cash on %, $150. Paid rent for May per check, $70.

" 23. Bought of Brown Bros. Lumber per invoice, $882.45. Gave in payment check for $282.45, and note @ 30 days for balance, $600.

" 24. Sold to Bell & Graham on %, 14 M Clear Pine Boards @ $32.

" 25. Sold for Cash 5 M Box Lumber @ $24, $120. Paid clerk hire, $30.

" 27. Paid per check our acceptance of the 16th in favor of Long & Willis, $800.

" 28. Bought for Cash a Fire-proof Safe, $225.

" 29. Sold to Robert C. Dayton on %, 12 M Hemlock Boards @ $11; 10 M Flooring @ $18.

" 30. Have drawn @ 10 days' sight a draft on Wm. Howard for balance of his account, $596, and sent same to H. G. Gray & Co. to apply on their account.

31. Received for Cash sales, $315.50. Paid clerk hire, $15; gas bill, $2.20.

Inventories: Lumber, $7312.50; Horses and Wagons, $850; Fire-proof Safe, $225. Net Gain, $242.55.

Set E

Partnership

Suggestion. It will be found convenient to keep a bill-book in connection with this set. Under bills receivable should be entered the note of May 20 (preceding set), and under bills payable the note of May 23d.

June 3. Philip Bruce and David Whitney have entered into partnership, per articles of agreement, to carry on the lumber business under the firm name of Bruce & Whitney, Bruce to share two-thirds and Whitney one-third of the gains or losses. Bruce brings into the business the resources and liabilities as shown in the statement of May 31. David Whitney invests Cash, $ 5000.

" 4. Bought of Long & Willis on %, Lumber per invoice, $ 1384.60. Paid rent for June, $ 70.

" 5. Sold to J. B. Sanford on %, 5 M Pine Boards @ $ 17; 8 M Flooring @ $ 18. Paid Globe Insurance Co. for insuring lumber to the value of $ 7000 @ 2½ %, $ 175.

" 6. Received for Cash sales of lumber, $ 327.40. Bought office furniture, $ 48.50, and paid for same per check.

" 7. Long & Willis have drawn a draft on us @ 10 days' sight for $ 750. Accepted same. Received of Robert C. Dayton his check on Merchants' National Bank for $ 200.

" 8. Received for Cash sales, $ 58.65. Paid for work in lumber yard, $ 14.

" 10. Sold to Alfred Tripp 8 M Sheathing @ $ 17.50; 3 M Clapboards @ $ 45; 6 M Scantling @ $ 11.50.

" 11. Received of Bell & Graham their note @ 30 days, in full of their account, $ 764. Philip Bruce has drawn Cash for private use, $ 150.

" 12. Received for Cash sales of lumber, $ 98. Paid for repairing wagon, $ 7.45.

" 13. The North National Bank has discounted for our accommodation Bell & Graham's note of the 11th

for $764. Discount off for 28 days, $3.56. Net proceeds received in Cash, $760.44.

June 14. Sold to Robert C. Dayton 7 M Box Lumber @ $24. Received in payment Cash, $50; balance on %. Paid gas bill, $3.20.

" 15. Gave to H. G. Gray & Co. our note @ 60 days to balance their account, $239.90. Received for Cash sales, $138.25.

" 17. Paid per check Long & Willis' draft of the 7th, $750, due this day.

" 18. Bought of Martin Rice Merchandise per invoice, $1262.50. Gave in payment check on North National Bank for $462.50, and note @ 60 days for balance, $800. Received for Cash sales of lumber, $82.40.

" 19. Received Cash, $502.50, in payment of Robert C. Dayton's note of May 20, due this day. Sold to Bell & Graham, 20 M xxx Shingles @ $3.75; 4 M Clapboards @ $45. Received in part payment Cash, $90; balance on %.

" 20. Have drawn a draft @ sight on J. B. Sanford for balance of his account, $229, and sent same to Long & Willis to apply on their account.

" 21. Prepaid our note of the 15th to H. G. Gray & Co. for $239.90. Discount off, $2.16. Net amount paid per check, $237.74.

" 22. Received for Cash sales of lumber, $234.50. Paid per check our note of May 23d to Brown Bros. for $600. Paid clerk hire, $16.

" 24. Received of Alfred Tripp Cash on %, $300.

" 25. Sold to J. B. Sanford on %, 10 M Spruce lumber @ $14.50. Paid for carting lumber, $6.80.

" 26. Prepaid our note to Martin Rice of the 18th, $800. Discount off for 52 days, $6.93. Net proceeds paid per check, $793.07.

" 27. Bought of H. G. Gray & Co. per invoice, $687.20. Gave in payment our note @ 30 days for $450; balance on %. David Whitney has drawn Cash for private use, $175.

June 28. Received of Robert Dayton his note @ 60 days in full of his account for $ 230, indorsed by B. F. Cunningham.

" 29. Received for Cash sales, $ 547.80. Paid for work in lumber yard, $ 12.60.

Inventories: Merchandise, $ 8515; Horses and Wagons, $ 825: Safe and Office Furniture, $ 265. Net Gain, $ 163.18.

Set F

Manufacturing Set

In the following set an unusual number of secondary accounts are used. This is to enable the proprietor to determine, not only the cost of the raw material, but the expense incurred in the various stages of manufacture, till the product reaches a finished state and is placed in the sales-room.

The expense of the sales-room has been kept under the general expense account, while every expense connected with the manufacture of the article is entered as *Factory Expense*. It is true the merchandise account could have been debited for the entire expense, and eventually, when the secondary accounts are closed, it will show on the debit side the total cost; but by the use of other accounts the cost of the lumber, the cost of machinery, the amount paid for wages or services, and other incidental expenses of manufacturing, are conveniently shown under separate headings, and all this is accomplished without additional labor.

June 1. James C. Gilbert and W. H. King have entered into partnership for the purpose of manufacturing and selling furniture. The gains and losses are to be divided equally. James C. Gilbert invests Machinery valued at $ 8270; Lumber, $ 2150; Factory Stock (unfinished products), $ 1245; Merchandise (finished products), $ 3460. His liabilities are as follows: An account due E. F. Flint for $ 892.60, and his note to R. G. Holland for $ 1460, with accumulated inter-

est $4.14. W. H. King invests Cash equal to the net investment of J. C. Gilbert. Opened an account with First National Bank and deposited Cash on hand.

June 1. Leased the building occupied as a factory, for three years, agreeing to pay $1800 per annum, in equal monthly payments; paid rent for June per check, $150. (Factory Exp.)

" 1. Paid insurance for 6 months on Machinery, Lumber, and Factory Stock, $120. (Factory Exp.)

" 2. Bought of the Howard Machine Co., for Cash, 1 Circular Saw, $35.

" 2. Sold to Fisk & Jones, Cleveland, O., on %, Merchandise per bill, $1262.50.

" 2. Bought Lumber of Jenkins Bros. on %, $442.50.

" 3. Received of Fisk & Jones on %, $550.

" 3. Leased for one year, for sales-room, Store No. 324 Market Street, at a yearly rental of $1440. Paid rent for one month per check, $120. (Exp.)

" 4. Sold Merchandise to Samuel Gates, for Cash, $382.75.

" 4. Bought of T. H. Durant, Buffalo, on %, Oils and Varnishes, per bill, $326. (Factory Exp.)

" 4. Sold to Maxwell & Hill on %, Merchandise per S. B., $810.30.

" 5. Insured the Merchandise in sales-room to the amount of $5000. Paid premium per check, $62.50. (Exp.)

" 5. Drew on Fisk & Jones, at 10 days' sight, for balance of their account, $712.50.

" 6. Sold E. L. Kennedy on %, Merchandise per S. B., $615.80.

" 6. Fisk & Jones have this day accepted our draft of the 5th, drawn at 10 days' sight, for $712.50.

" 6. Drew check to pay workmen for week's wages, $160.

" 8. Bought on %, new machinery from the Evans Machine Co., $1325.

" 8. Received of E. L. Kennedy on %, his check for $300.

June 9. Paid per check Evans Machine Co., on %, $ 500.

" 9. Sold for Cash to Geo. Briggs Merchandise per bill, $ 231, less 5 %.

" 9. Accepted Jenkins Bros.' draft at 10 days' sight for balance of their account, $ 442.50.

" 10. We have this day paid per check James C. Gilbert's note to R. G. Holland for $ 1460, and interest on same, $ 6.33.

" 10. Sold to Fisk & Jones on %, Merchandise per S. B., $ 837.30.

" 11. Purchased for Cash a Safe to be used in sales-room, $ 242.50.

" 11. Accepted the Evans Machine Co.'s draft on us at 15 days' sight, for balance due them, $ 825.

" 11. W. H. King has drawn Cash for private use, $ 150.

" 12. Sold Merchandise to Wm. Cramp for Cash, $ 416.75.

" 12. Received of Maxwell & Hill on %, their check for $ 550.

" 13. Sold Merchandise to E. L. Kennedy on %, per S. B., $ 660.40.

" 13. Drew check to pay workmen for week's wages, $ 170.

" 13. Cash Sales of Merchandise, $ 776.90.

" 15. Paid T. H. Durant, Cash in full of %.

" 15. Bought Lumber from Jenkins Bros. on %, $ 612.30.

" 16. Sold Merchandise to E. G. Rand on 60 days' time, $ 1572.

" 16. Received of Fisk & Jones their check in payment of their acceptance of the 6th, $ 712.50.

" 16. Paid for postage and sundry expenses, $ 4.25.

" 17. Bought Oils and Varnishes of T. H. Durant on %, $ 162.

" 17. Paid for Coal for use in factory, $ 127.20.

" 18. Sold Merchandise to Chas. Hazard for Cash, $ 510.60.

" 18. E. G. Rand has paid his bill of the 16th, and is entitled to a discount of $ 15.72. Amount received, $ 1556.28.

" 18. Received of Maxwell & Hill their note at 30 days to balance their account, $ 260.30.

June 19. Bought of Evans Machine Co. on % new machinery per bill, $ 710.35.

" 19. Paid per check our acceptance of the 9th, being Jenkins Bros'. draft for $ 442.50.

" 20. Sold to E. G. Rand, on 60 days' time, Merchandise, $ 1042.

" 20. Received of Fisk & Jones Cash on %, $ 492.60.

" 20. Received for Cash sales, $ 614.45.

" 20. Paid workmen for week's wages, $ 170.

" 22. Bought for Cash an invoice of Beveled Mirrors, $ 278.50.*

" 22. Sold Merchandise to Frank Anson for Cash, $ 177.85.

" 23. Leased adjoining building for factory purposes, and equipped same with machinery and tools at a cost of $.7253.70, which we have paid by check.

" 23. Received of E. L. Kennedy on % his sight draft on Warren & Co. for $ 250.

" 24. James C. Gilbert has drawn Cash for private use, $ 125.

" 24. Sold Merchandise to Maxwell and Hill on %, $ 341.55.

" 24. Bought for Cash an invoice of Hardware, $ 98.50.*

" 25. Bought Lumber of Jenkins Bros. on %, $ 350. Paid for hauling same, $ 16.50.

" 25. Paid for repairs on machinery, $ 32.60.

" 26. Sold Merchandise to Geo. Briggs for Cash, $ 420.70.

" 26. Paid our acceptance in favor of the Evans Machine Co. made on the 11th, $ 825.

" 27. Received of Fisk & Jones on %, $ 200.

" 27. Drew check to pay workmen for week's wages, $ 210.

Net Gain, $ 1938.99. For inventories see trial balance, next page. Instead of closing the secondary accounts into loss and gain, they may all be closed into Merchandise, so that this account will show on the debit side the cost of manufacture, as well as the net gain.

* Factory expense.

Trial Balance, Set F		*Dr.*	*Cr.*
James C. Gilbert	(Propr.),	125 00	12768 26
W. H. King	(Propr.),	150 00	12768 26
Machinery	(Invy., 17200),	17626 65	
Lumber	(Invy., 900),	3571 30	
Factory Stock	(Invy., 1000),	1245 00	
Merchandise	(Invy., 400),	3460 00	10661 30
E. F. Flint,			892 60
Interest and Discount,		22 05	4 14
Factory Expenses	(Prepaid Ins., 100),	1262 20	
Services,		710 00	
Maxwell & Hill,		1151 85	810 30
E. L. Kennedy,		1276 20	550 00
Bills Receivable,		972 80	712 50
Evans Machine Co.,		1325 00	2035 35
Cash,		20914 81	13101 80
Expense,		429 25	
Fisk & Jones,		2099 80	1955 10
Jenkins Bros.,		442 50	1404 80
T. H. Durant,		326 00	488 00
E. G. Rand,		2614 00	1572 00
		59724 41	59724 41

Examination Paper

(Selected questions from Regents' Examination.)

1. Journalize the following for double entry: Sept. 1, 189–. James Kent and Henry Abrams form a partnership. Kent invests Cash, $ 3000; Merchandise, $ 1500; note against John Cramer, $ 500. Abrams invests Cash, $ 5000.

2. Oct. 2, 189–. Bought of James Ives bill of Merchandise amounting to $ 500, for which I paid one-half in Cash, the balance on account.

3. Oct. 5, 189–. Paid the account of James Ives in Cash, being allowed a discount of 2 %.

4. Oct. 6, 189–. Sold James Fisk Merchandise for Cash, $ 326; bought of James Fisk Merchandise on %, $ 280.

5. Oct. 10, 189–. James Fisk has made a 10 days' sight draft on us in favor of James Ives for $ 55, which sight draft we have accepted.

6. Write the draft referred to in the transaction of Oct. 10 with the acceptance.

7. Write a promissory note dated to-day for $ 350 at 90 days with 6% interest, of which you are the maker, and Wm. Rees the payee.

8. Define account, posting, trial balance, liability, present worth.

9. State the special use of each of the following books: Cash-book, sales-book, time-book, order-book, bank-book.

10. Indicate the form and state the advantages of a special-column journal.

11. Show the difference between double entry and single entry by posting the following according to each method: Sold James Spencer on % Merchandise amounting to $ 25; bought of Wm. Avery Merchandise amounting to $ 50, one-half for Cash, the balance on account.

12. Describe two methods of finding from a double-entry ledger the net gain or net loss after inventory has been taken and entered.

13. Write a bank check.

14. Give directions for closing a double-entry ledger, stating how to find from the ledger resources, liabilities, present worth, and net gain or loss.

15. Find from the following ledger footings the proprietor's net gain or loss:

	Dr.	*Cr.*
Proprietor,	3000	5000
Merchandise,	12482	11597
Cash,	15865	12410
Bills Payable,	2500	3000
Bills Receivable,	3000	2500
Loss and Gain,	400	240
Interest and Discount,	50	82
William Haskell,	627	500
James Stuart,	300	2795
Expense,		100
Inventory shows Merchandise on hand worth $ 3542.		

VALUABLE COMMERCIAL INFORMATION

Contracts

Ignorance of the law excuses no one.

A **contract** is an agreement between competent parties to do some particular thing.

Persons of unsound mind, and, in most cases, minors, are incompetent to make contracts.

Intoxicated persons, who have lost for a time the use of their reason, are unable to make binding contracts, except for necessaries.

A contract, to be binding, must have a sufficient consideration. A promise, therefore, although in writing, to give money, or property, to another, cannot be enforced if there has been no consideration, or value received.

Consideration is what is done, or promised to be done, in exchange for a promise, and it is sufficient if it is either a benefit to the party promising, or a loss to the other party.

Contracts are either oral or written.

Generally contracts are binding although not in writing, but in the following cases they must be in writing, or they cannot be enforced: **1st.** A promise to pay the debt of another person. **2d.** A contract which is not to be performed, or at least commenced, within a year. **3d.** A contract for the sale of real estate, and **4th.** An agreement to sell personal property above a certain value ($50) unless some part has been delivered or paid for.

The writing need not be formal, but should embody the substance of the contract, mention the consideration, and be signed by the parties.

An agreement which one has been induced to make through fraud or deceit is not binding.

Mistakes in calculation, or misunderstanding of the meaning of words, will not release a party to a contract.

Contracts made on Sunday, except such as relate to works of necessity and mercy, are void in most of the states.

A minor can make a contract only for necessaries.

Signatures made in lead pencil are binding.

A receipt for money paid, if disputed, is not conclusive in law.

Sale of Property

A **sale** is an exchange of property for money.

A contract to sell, although binding, is not a sale; for in an actual sale the ownership changes immediately, although the property may not be delivered at once.

When goods are purchased to-day to be delivered to-morrow, the purchaser bears the loss in case of fire.

No person can make a valid sale of property except the owner, or his agent; hence the real owner may claim his property wherever he may find it, no matter how many hands it may have passed through since it was lost or stolen.

Partnership

A partnership is formed by an agreement, or contract, which may be oral or written.

Any one competent to make a contract, or do business alone, may become a partner.

One partner by his act may bind all the others.

Each partner is liable for the entire debt of the firm.

By complying with certain laws a limited partnership may be formed, in which the liability of certain partners is limited to the amount invested in the partnership business.

The death of one partner dissolves a general partnership.

A partner may sell his interest, but the purchaser does not become a partner without the consent of the others.

Agency

An **agent** is one employed to act for another.

A minor, or any one having sufficient understanding, may become an agent.

The **principal** is the one for whom the agent acts, and is therefore responsible so long as the agent acts within his authority.

When the agent's acts exceed his authority, then the agent and not the principal is responsible.

Any contract that may be made by the principal may be made through the agent.

Agency is created by contract, and the law implies that the agent will obey his principal's instructions; that he will exercise reasonable skill and care; and that he will not engage in transactions which will conflict with the interests of his principal.

Money

Money in the United States consists of gold, silver, and paper currency. The paper currency, or paper money, includes United States Notes, National Bank Notes, Gold Certificates, and Silver Certificates.

A **United States Note** (Treasury Note) is the printed promise of the United States government to pay a certain sum in coin.

The **National Bank Note** is a printed promise to pay issued by a National Bank. The payment of such notes is pledged by United States bonds deposited with the United States Treasurer.

Gold Certificates certify that a certain amount of gold has been deposited with the United States Treasurer, payable to the bearer on demand.

Silver Certificates are similar to gold certificates in form, but call for the payment of silver instead of gold.

A **legal tender** is that kind of money which may be legally tendered or offered in payment of a debt.

Gold Certificates, Silver Certificates, and National Bank Notes are not legal tenders, and a person who is so disposed may refuse to receive in payment every kind of money except gold, silver, and United States Notes.

Collecting Money

Lack of promptness in making out bills and presenting them for payment causes the loss of thousands of dollars to creditors. A business man, successful in collecting money due him, gives the following rules :

1. When a time and place have been appointed for payment, be on hand promptly to receive the money.
2. If the party cannot pay at the time appointed, request him to fix another date for payment.
3. State the urgent necessity of having funds to meet current expenses or pressing obligations, and bear in mind that pleasant words and a frank, genial manner will accomplish more than threats.
4. If he cannot pay all, accept a part, and obtain, if possible, his note for the balance.
5. If his commercial standing is not good, induce him to give his note with a good indorser, so that you may obtain the money through the bank.
6. In pressing your claims, take into account the character of the man and his financial condition.

List Prices

List prices are generally furnished to the customers by wholesale dealers, and are supposed to show the price at which the goods retail. On these prices large discounts are given, called trade discounts. Frequently two or more discounts are allowed in succession ; 20 and 10 off means first a discount of 20 %, and then another discount of 10 %.

The bill-heads usually announce the terms on which the goods are sold; thus, Terms, 3 months, or 30 days less 5 %; or, Terms, 60 days, or 2 % discount in 10 days.

Marking Prices

Merchants generally use letters or a private cipher to mark the cost or selling price of an article. A word, or

combination of words, consisting of ten letters will answer the purpose. Thus, B L A C K S T O N E
1 2 3 4 5 6 7 8 9 0

By this key 120 would be expressed thus, B L E.

Reckoning Interest

The interest for 6 days at 6 % on any amount may be found by moving the decimal point three places to the left. Thus, the interest for 6 days on $2460 is $2.46. To obtain the interest for the desired time, divide by 6 and multiply by the number of days.

When the interest is at any rate other than 6 %, divide the interest already obtained by 6 and multiply by the rate desired.

Review

Contracts

1. Does ignorance of the law excuse any one?
2. What is a contract?
3. Mention two classes of persons not competent to make a contract.
4. Is the contract of a person slightly intoxicated binding?
5. Is a contract, although in writing, binding if there is no consideration?
6. What is meant by consideration?
7. Are contracts generally binding although not in writing?
8. Mention two or more cases in which the contract must be in writing to be enforced in law.
9. When the law requires the contract to be in writing, what essentials should be stated?
10. Is it necessary for the writing to be formal?
11. Is an agreement binding which a person has been induced to make through fraud or deceit?
12. Will a miscalculation or a misunderstanding of the meaning of words be sufficient to release a party to a contract?
13. Are contracts made on Sunday binding?
14. For what things can a minor make a contract that will bind him?
15. Is a signature made with lead pencil good in law?

Sale

1. What is sale?
2. How does a contract to sell differ from an actual sale?
3. When goods have been purchased, but not delivered, does the purchaser or seller sustain the loss in case of fire?
4. May the owner of lost or stolen property claim it from one who has possession, and is able to show he paid for same?

Agency

1. What is meant by an agent?
2. May a minor, or any one having sufficient understanding, become an agent?
3. What is meant by a principal?
4. When an agent exceeds his authority, who is responsible?
5. When a person undertakes to act as an agent, what three things does the law imply that he will do?

Partnership

1. How may a partnership be formed?
2. Who may become a partner?
3. Is it necessary that the contract of partnership be in writing?
4. May one partner bind all the others?
5. What is the liability of each partner?
6. What is meant by a limited partnership?
7. Mention one or more ways by which a partnership may be dissolved.
8. When a partner sells his interest, does the purchaser necessarily become a partner without the consent of the other partners?

Supplemental Review

Commercial Paper

1. May the indorser of a note be held responsible if the note has not been duly protested?
2. What are the two essential things to be done in protesting a note?
3. Are the words "value received" generally necessary to make a note negotiable?

4. What is meant by Notary Public? (See Vocabulary.)

5. Is the maker of a note released from payment if the note has not been protested?

6. If a note has not been collected within five or six years after maturity, may the maker still be compelled to pay? (If partly paid, the remainder will not be outlawed till the expiration of five or six years from the time of the last payment.)

7. Does a note ordinarily draw interest from its date or from maturity?

8. Name one or more states in which days of grace are abolished.

9. With what words does a sight draft usually begin?

10. Illustrate the use of a draft.

11. May the drawer and payee of a draft be one and the same person? Illustrate.

12. What is a bill of exchange?

13. Does the law permit a person who receives a check, note, or draft indorsed in blank to add such words as will make it an indorsement in full? Illustrate.

14. Under what account are checks and sight drafts recorded?

15. Under what account are notes and time drafts recorded?

16. When should a check be presented to the bank for payment?

17. How should a check be written so that it may afterwards serve as a receipt?

18. What do you understand by a draft on New York?

APPENDIX

CONTAINING

ADDITIONAL SETS FOR PRACTICE

WITH

VARIOUS AUXILIARY BOOKS

SET G

Retail Dry-Goods Business

In this example a larger number of books of original entry have been used than in any preceding set, but this does not imply that the book-keeper's labor has been increased accordingly. The transactions have been merely divided, and entries made in appropriate books in an eminently practical manner.

By slight changes in the forms, or by adding other books, this set may be adapted to many other lines of business.

The proprietor, or book-keeper, must, after all, determine the number and character of his auxiliary books, and if he thoroughly understands double entry, he will readily devise a plan by which the necessary details and results will be shown with the smallest expenditure of labor.

The auxiliary books used in this example — the cash-book, sales-book, and explanatory journal — have been repeatedly illustrated in both single and double entry. The only thing remaining unexplained is the process of posting from each of these books.

Explanation

The cash-book, sales-book, and journal are used as books of original entry, from which the amounts are posted directly to the ledger at the end of each week. In actual business they should be posted at the end of each day.

The **Sales-Book** has been used in this example for time sales only, as all cash sales have been entered in the cash-book. The sales-book is posted as follows: On page 195 will be

found the total sales of the week, $436.30. This amount should be posted to the credit side of the merchandise account in the ledger. As an offset to this credit, the persons to whom Merchandise was sold should be debited; thus, Edgar Newman, S. C. Sherman, and Chas. W. Foster should each be debited for the amount of their purchases. When the sale is on a note, Bills Receivable should be debited, as on the 5th and 7th. These debits added will, of course, equal the amount with which Merchandise was first credited, and the ledger is thus kept in balance.

The **Cash-Book** is of the usual form, and contains transactions which do not appear in either the sales-book or journal. At the end of each week it is posted in the following manner: In the cash-book, page 196, on the debit side will be found $8520.15, the total receipts for the week. This amount is posted to the debit side of the cash account in the ledger. Now we must find a credit or credits which will offset this debit. On the debit side of the cash-book we shall find the names of the accounts which should be credited. They are Walter Sprague, James Marshall, Bills Receivable, Edgar Newman, and Merchandise, each for the amount opposite the name. These credits, of course, equal the amount for which cash was first debited.

In like manner the credit side of the cash-book is posted. The amount, $1059, the total payments of the week, is posted to the credit side of the cash account in the ledger. Now, to find the accounts which shall be debited to offset this large credit, we look at the credit side of the cash-book. Expense, James A. Morton, Store Fixtures, and Expense should each be debited for their respective amounts, and this will produce equal debits and credits in the ledger. The transactions for this example may be found on page 198.

Journal

New York, Jan. 2, 189–

		Dr.		Cr.	
Merchandise,	per inventory,	9800	00		
Bills Receivable,		3780	00		
Store Fixtures,	per inventory,	1120	00		
Walter Marshall,	due on %,	460	00		
James A. Morton,	on %,			570	00
Geo. Thomas & Son,	on %,			820	00
Walter Sprague,	proprietor,			13770	00
Began business with cash on hand per C. B. $6000 and the above resources and liabilities. Bills Receivable includes Thomas Brower's note for $1780, J. C. Emery's note for $1000, and B. H. Crandall's note for $1000.					
3					
Merchandise,		3254	50		
Hunter & Logan,				3254	50
Bought on % per I. B.					
5					
Merchandise,		1825	80		
Bills Payable,				1825	80
Bought of Gilbert & Co. on note @ 30 days.					
7					
Hunter & Logan,		500	00		
Bills Payable,				500	00
Hunter & Logan have drawn on us @ 12 days' sight, favor of James Bardwell.					
10					
Hunter & Logan,		310	00		
Walter Marshall,				310	00
Drew a sight draft on Marshall and remitted same to Hunter & Logan on %.					
13					
Shipment to S. W. Hall,		1390	00		
Merchandise,				1390	00
Damaged goods to be sold on our %. Paid freight and cartage per C. B.					

The journal is required only for those transactions which cannot be entered in either the cash-book or sales-book.

Like the other books, it is posted at the end of the week, and in the ordinary way.

Sales-Book

New York, Jan. 2, 189–

Edgar Newman,	On %.				
2 prs. California Blankets	@ $8.75,	17	50		
2 Marseilles Bedspreads	@ 5.00,	10	00		
6 Linen Sheets	@ 2.00,	12	00		
3 prs. Pillow Cases	@ 1.10,	3	30	42	80
4					
S. C. Sherman,	On %.				
18 yds. Black Silk	@ $2.20,	39	60		
9 yds. French Crepon	@ 2.75,	24	75		
6 prs. Kid Gloves	@ 1.75,	10	50	74	85
5					
Bills Receivable. Note @ 5 days.					
Sold to W. C. Irving					
1 Table-cloth and Napkins,		27	50		
1 Chinchilla Coat,		45	00		
1 Black Serge Suit,		38	75		
1 Silk Umbrella,		7	25	118	50
6					
Chas. W. Foster,	On %.				
3 prs. Lace Curtains	@ $9.50,	28	50		
2 prs. Silk Portières	@ 17.50,	35	00		
1 Astrakhan Cape,		42	00	105	50
7					
Bills Receivable. Note @ 20 days.					
Sold to L. A. Jordan					
8 yds. Blue Broadcloth	@ $2.35,	18	80		
5 yds. Jet Trimming	@ 2.75,	13	75		
3 yds. Silk Lace	@ 1.95,	5	85		
15 yds. Black Silk Velvet	@ 3.75,	56	25	94	65
				436	30

Cash-Book

Dr.

Date	L.P.	Accounts to be Credited		Items		Totals	
Jan. 2		Walter Sprague,	Proprietor,	6000	00		
" 3		Walter Marshall,	on %,	150	00		
" 4		Bills Receivable,	J. C. Emery's note,	1000	00		
" 6		Edgar Newman,	in full of %,	42	80		
" 7		Merchandise,	cash sales,	1327	35	8520	15
						*8520	15
Jan. 9			Balance,			7461	15
" 10		Bills Receivable,	W. C. Irving's note,	118	50		
" 12		S. C. Sherman,	on %,	25	00		
" 14		Merchandise,	cash sales,	1422	90	1566	40
						9027	55
Jan. 16			Balance,			8393	80
" 17		Bills Receivable,	Thos. Brower's note,	1780	00		
" 17		Interest,	on above,	2	08		
" 20		S. C. Sherman,	on %,	50	00		
" 21		Merchandise,	cash sales,	1532	74	3364	82
						11758	62

* **Suggestion.** To simplify this practical method of posting from the cash-book, enter on a slip of journal paper first the total cash debit, $8520.15, then the credits, Sprague, $6000; Marshall, $150; Bills Receivable, $1000; Newman, $42.80; Merchandise, $1327.35.

Cash-Book

Cr.

Date		L.P.	Accounts to be Debited		Items		Totals	
Jan.	2		Expense,	rent for Jan. and Feb.,	400	00		
"	4		James A. Morton,	on %,	350	00		
	5		Store Fixtures,	counters and show-case,	278	50		
"	6		Expense,	insurance,	30	50	*1059	00
"	6		Balance,	on hand,			7461	15
							8520	15
Jan.	11		Expense,	coal, 5 tons,	27	50		
"	13		Geo. Thomas & Son,	on %,	575	00		
"	13		Shipment to S. W. Hall,	freight and cartage,	31	25	633	75
"	17		Balance,	on hand,			8393	80
							9027	55
Jan.	16		Expense,	clerk hire,	42	00		
"	19		Bills Payable,	our acceptance of the 7th,	500	00	542	00
"	19		Balance,	on hand,			11216	62
							11758	62

* In posting this side, credit Cash for $1059 and debit Expense $400; Morton, $350; Store Fixtures, $278.50; and Expense, $30.50.

Transactions for Set G

Albany, Jan. 2, 189–. Walter Sprague began the Retail Dry-Goods business with the following resources and liabilities: — Resources: Cash on hand, $6000; Merchandise valued at $9800; Store Fixtures valued at $1120; Thomas Brower's note for $1780, due Jan. 10, indorsed by Geo. Davis; J. C. Emery's note for $1000, due Jan. 4; B. H. Crandall's note of $1000, due Feb. 6; Walter Marshall owes him on %, $460. His liabilities are as follows: He owes James A. Morton, $570; Geo. Thomas & Son, $820.

Jan. 2. Deposited Cash on hand in City Bank. (No account with the bank will be kept in the ledger.)

" 2. Leased store for two years, at a yearly rental of $2400. Paid two months' rent in advance, $400.

" 2. Sold Edgar Newman on %, 2 prs. California Blankets @ $8.75, $17.50; 2 Marseilles Bedspreads @ $5, $10; 6 Linen Sheets @ $2, $12; 3 prs. Pillow Cases @ $1.10, $3.30. Total, $42.80.

" 3. Bought of Hunter & Logan on %, Merchandise per invoice, $3254.50.

" 3. Received of Walter Marshall on %, $150.

" 4. Sold S. C. Sherman on %, 18 yds. Black Silk @ $2.20, $39.60; 9 yds. French Crepon @ $2.75, $24.75; 6 prs. Kid Gloves @ $1.75, $10.50. Total, $74.85.

" 4. J. C. Emery has paid his note, due this day, by check on Columbia Bank, $1000.

" 4. Paid James A. Morton Cash on %, $350.

" 5. Bought Merchandise per invoice of Gilbert & Co., on our note @ 30 days, $1825.80.

" 5. Bought for Cash, Store Fixtures, Counters, and Showcase, $278.50.

" 5. Sold W. C. Irving on his note @ 5 days: 1 Table-cloth and Napkins, $27.50; 1 Chinchilla Coat, $45; 1 Black Serge Suit, $38.75; 1 Silk Umbrella, $7.25. Total, $118.50.

" 6. Received of Edgar Newman, Cash in full of his account, $42.80.

Jan. 6. Paid Cash for Insurance on Merchandise and Store Fixtures, $30.50.

" 6. Sold Chas. W. Foster on %, 3 prs. Lace Curtains @ $9.50, $28.50; 2 prs. Silk Portières @ $17.50, $35; 1 Astrakhan Cape, $42. Total, $105.50.

" 7. Hunter & Logan have drawn on us @ 12 days' sight in favor of James Bardwell for $500, which we have accepted.

" 7. Sold to L. A. Jordan on note @ 20 days, 8 yds. Broadcloth @ $2.35, $18.80; 5 yds. Jet Trimmings @ $2.75, $13.75; 3 yds. Silk Lace @ $1.95, $5.85; 15 yds. Black Silk Velvet @ $3.75, $56.25. Total, $94.65.

" 7. Total Cash sales of Merchandise, $1327.35.

Second Week

Jan. 9. Sold to S. C. Sherman on %, 12 Damask Towels @ 65c., $7.80; 20 yds. Linen Crash @ 15c., $3.00; 1 Velour Cape, $18.75; 1 Silk Scarf, $4.85. Total, $34.40.

" 10. W. C. Irving has paid his note of the 5th, due this day, $118.50.

" 10. Have drawn a sight draft on Walter Marshall for balance of his account, $310, and sent same to Hunter & Logan to apply on their account.

" 11. Sold Chas. W. Foster on %, 1 Down Quilt, $5.80; 2 White Bed-spreads @ $3.25, $6.50; 30 yds. Sheeting @ 27c., $8.10; 12 yds. Shaker Flannel @ 35c., $4.20. Total, $24.60.

" 11. Paid per check J. Hutton's bill for Coal, 5 tons @ $5.50, $27.50.

" 12. Sold to Frank Norton on his note @ 30 days: 1 Damask Table-cloth, $10.50; 1 Silk Waist, $7.80; 1 Fur Collar and Muff, $28.50; 15 yds. Figured Silk @ $1.35, $20.25. Total, $67.05.

" 12. Received of S. C. Sherman on %, $25.

" 13. Paid Geo. Thomas & Son on %, $575.

Jan. 13. Shipped to S. W. Hall, Philadelphia, to be sold at auction, a stock of damaged Merchandise, valued @ $1390. Paid freight and cartage, $ 31.25.

" 14. Sold to Edgar Newman on %, 12 Linen Handkerchiefs @ 50c., $ 6.00; 14 yds. Scotch Gingham @ 27c., $ 3.78; 10 yds. Dotted Swiss @ 55c., $ 5.50; 5 yds. Irish Point Lace @ $ 1.38, $ 6.90; 16 yds. French Creton @ 15c., $ 2.40. Total, $ 24.58.

" 14. Total Cash sales of Merchandise, $ 1422.90.

Third Week

" 16. Sold Louis Allerton on %, 10 yds. Linen @ 75c., $ 7.50; 6 Turkish Towels @ 50c., $ 3.00; 12 yds. Black Broadcloth @ $ 2.10, $ 25.20; 1 Silk Umbrella, $ 5.70. Total, $ 41.40.

" 16. Paid clerk hire, $ 42.

" 17. Thomas Brower has paid his note due on the 10th with interest. Note, $ 1780; Interest, $ 2.08.

" 18. Sold A. W. Blair on his note @ 30 days, 8 prs. Sash Curtains @ $ 2.15, $ 17.20; 6 yds. Brocatelle @ $ 4.75, $ 28.50; 2 prs. Gray Blankets @ $ 7, $ 14.00. Total, $ 59.70.

" 18. Have drawn on Chas. A. Foster at 10 days, favor of Hunter & Logan, for $ 120.

" 19. Paid our acceptance of the 7th at 12 days' sight, being Hunter & Logan's draft on us for $ 500.

" 20. S. C. Sherman paid us Cash on %, $ 50.

" 21. Sold S. C. Sherman on %, 18 yds. Cream White Satin @ $ 1.50, $ 27; 5 yds. Pearl Trimming @ $ 3, $ 15; 7 yds. Silk Lace @ $ 2.75, $ 19.25; 6 prs. Kid Gloves @ $ 1.85, $ 11.10; 2 Lace Handkerchiefs @ $ 4.90, $ 9.80. Total, $ 82.15.

" 21. Total Cash sales of Merchandise, $ 1532.74.

Fourth Week

Jan. 23. Sold Chas. W. Foster on %, 9 yds. French Serge @ $ 1.78, $ 16.02; 2 Damask Table-cloths @ $ 9.25, $ 18.50. Total, $ 34.52.

Jan. 24. Discounted our note of the 5th to Gilbert & Co. for $1825.80. Discount, $3.35. Net proceeds paid in Cash, $1822.45.

" 24. Accepted Geo. Thomas & Son's draft on us @ 10 days for balance of their account, $245, in favor of Robert Maxwell.

" 25. Sold Louis Allerton on %, 17 yds. Black Satin @ $1.60, $27.20; 8 yds. Black Silk Lace @ $1.80, $14.40; 10 yds. Satin Ribbon @ 35c., $3.50; 6 Linen Handkerchiefs @ 37c., $2.22. Total, $47.32.

" 25. Paid Hunter & Logan on %, $2150.

" 26. Received of Louis Allerton on %, $35.

" 27. Bought Merchandise per invoice of Hunter & Logan on %, $627.55.

" 27. L. A. Jordan has paid his note, due to-day, $94.65.

" 28. Sold Edgar Newman on %, 2 doz. Dinner Napkins @ $4.20, $8.40; 20 yds. Sheeting @ 29c., $5.80; 4 Turkish Towels @ 48c., $1.92; 1 Turkish Bath Robe, $6.75; 18 yds. Linen Crash @ 19c., $3.42. Total, $26.29. Received in part payment, $15.

" 28. S. W. Hall has rendered account sales of goods shipped for auction on the 13th. Our net proceeds, $1288.25, have been remitted to us by check.

" 28. Paid clerk hire, $21.

" 28. Total Cash sales of Merchandise, $1874.95.

Inventories: Merchandise, $7780; Store Fixtures, $1398.50; Rent in advance, $200. Net Gain, $249.83.

Trial Balance. Set G		***Dr.***		***Cr.***	
Proprietor	(Walter Sprague),			19770	00
Cash,		16762	57	6231	55
Bills Receivable,		4119	90	2993	15
Bills Payable,		2325	80	2570	80
Interest and Discount,				5	43
Store Fixtures	(Inv. $ 1398.50),	1398	50		
Walter Marshall,		460	00	460	00
James A. Morton,		350	00	570	00
Geo. Thomas & Son,		820	00	820	00
Hunter & Logan,		3080	00	3882	05
Merchandise	(Inv. $ 7780),	15507	85	8426	25
Edgar Newman,		93	67	57	80
S. C. Sherman,		191	40	75	00
Chas. W. Foster,		164	62	120	00
Expense	(prepaid rent, $ 200),	521	00		
Shipment to S. W. Hall,		1421	25	1288	25
Louis Allerton,		88	72	35	00
		47305	28	47305	28

Set H

(This is a continuation of the same business, and the same books are to be used as in Set G)

Feb. 1. Walter Sprague and Frank Bradley have entered into partnership by articles of agreement signed this day. The name of the firm is Sprague & Bradley. The gains and losses are to be divided equally. Mr. Sprague brings into the business the resources and liabilities of the preceding set, viz., Resources: Merchandise valued at $ 7780; Cash in safe and in bank, $ 10531.02; B. H. Crandall's note for $ 1000, due Feb. 6; Frank Norton's note for $ 67.05, due Feb. 11; A. W. Blair's note for $ 59.70 due Feb. 17; Prepaid Rent (expense), $ 200; Store Fixtures, $ 1398.50; and the following accounts, — Edgar Newman, $ 35.87; S. C. Sherman, $ 116.40; C. W. Foster, $ 44.62; Louis Allerton, $ 53.72. Liabilities: Bills Payable (his acceptance favor of Robert Maxwell), $ 245, due Feb. 3, and the following accounts, — James A. Morton, $ 220, and Hunter & Logan, $ 802.05.

Feb. 1. Mr. Bradley invests Cash, $20019.83, equal to net investment of Mr. Sprague, and the business is to be enlarged by adding the Carpet and House Furnishing Department.

" 1. Opened an account with Columbia Bank, and deposited Cash on hand. (No account will be kept in ledger with bank.)

" 1. Bought a stock of Carpets of Adams & Elder on %, per invoice, $8250.

" 1. Bought for Cash two Delivery Wagons and three Horses, $775.

" 1. Sold to Robert Cornell on %, 60 yds. Moquette Carpet @ $1.75; 78 yds. Body Brussels @ $1.35; 27 yds. Velvet Stair Carpet @ $1.45.

" 2. Sold Edgar Newman on %, 1 Plush Double Cape @ $18; 17½ yds. Duchess Silk @ $1.18; 6 Jet Ornaments @ $2.10.

" 2. Paid carpenters for shelving and general repairs, $78.45.

" 3. Accepted Adams & Elder's draft on us at 5 days, favor of John Morrison, for $4500.

" 3. Chas. W. Foster has given us his note at 10 days, indorsed by A. W. Green in full of his account, $44.62.

" 3. Paid our acceptance of Jan. 24 in favor Geo. Thomas & Son, $245.

" 4. Sold to Alexander Woodward on %, 52 yds. Ingrain Carpet @ 97c.; 2 rolls Fancy Matting @ $7.25; 1 Smyrna Rug, $37; 2 Hassocks @ $1.25.

" 4. S. C. Sherman paid us Cash on %, $50.

" 4. Total Cash sales, $2521.40.

Second Week

Feb. 6. B. H. Crandall has paid his note of $1000 due to-day.

" 6. Engaged two additional salesmen at a salary of $25 per week.

" 6. Sold S. C. Sherman on %, 1 Seal Jacket @ $135; 1 Serge Suit, $42.50.

" 6. Bought for Cash of J. P. Smith, Merchandise per invoice, $9650.

Feb. 7. We have loaned to Nathan Wilder on his note @ 30 days, indorsed by H. Brown & Co., $7500.

" 7. Accepted Hunter & Logan's draft @ 3 days for balance of account, $802.05.

" 7. Received of Louis Allerton on % his check for $30.

" 8. Sold Merchandise to Joseph Baird on his note @ 20 days: 12 yds. Linoleum @ 95c.; 52 yds. Velvet Carpet @ $1.65; 23 Window Shades @ 98c.

" 8. Paid our acceptance of the 3d favor of Adams & Elder by check, $4500.

" 9. Bought Merchandise per invoice of Hunter & Logan on %, $2856.40.

" 9. Received of Alexander Woodward Cash on %, $75.

" 10. Sold Louis Allerton on %, 1 Art Square (3×3), $10.50; 2 Japanese Rugs (7 × 9) @ $14.55; 2 Cocoa Door Mats @ $2.15; 25 yds. Matting @ 37c.

" 10. Paid our acceptance in favor of Hunter & Logan due this day, $802.05.

" 11. Sold Edward Lawson on %, 1 White Embroidered Robe @ $18; 20 yds. China Silk @ $1.15.

" 11. Paid clerks' salary, $85.

" 11. Total Cash sales, $2624.55.

Third Week

Feb. 13. Sold Robert Cornell on %, 7 yds. Wool Crepon @ $1.35; 1 Misses' Short Coat, $12.50; 1 Bath Robe, $7.25; 6 Turkish Towels @ 57c.

" 13. Received of Chas. W. Foster Cash in payment of his note due this day, $44.62.

" 14. Have drawn on S. C. Sherman @ 10 days' sight for $220, and sent same to James A. Morton to balance his account.

" 14. Shipped to S. W. Hall, Philadelphia, a stock of unsalable goods, valued at $1290, to be sold at auction. Paid freight on same, $16.40.

" 15. Sold Merchandise to John Decker on his note @ 5 days: 83 yds. Moquette Carpet @ $1.55; 68 yds. Body Brussels @ $1.27; 10 yds. English Oil Cloth @ 88c.

" 15. Paid Hunter & Logan on %, $1000.

Feb. 15. Gave to Columbia Bank for collection A. W. Blair's note of Jan. 18.

" 16. Walter Sprague has drawn Cash for private use, $350.

" 17. Received of Robert Cornell on % his check on Union Bank for $100.

" 17. The Columbia Bank has collected amount due on A. W. Blair's note, $59.70, and placed the same to our credit in bank.

" 18. Sold Merchandise to Chas. W. Foster on %: 2 rolls Matting @ $7.55; 3 Smyrna Rugs (4 × 3) @ $5.20; 2 Japanese Rugs (4 × 6) @ $4.45; 1 Hair Rug $9.50.

" 18. Paid clerks' salary, $85.

" 18. Total Cash sales, $2710.40.

Fourth Week

Feb. 20. Sold Alexander Woodward on %, 4 prs. Irish Point Curtains @ $10; 2 doz. Dinner Napkins @ $5.30; 6 Linen Sheets @ $2.25.

" 20. John Decker paid his note due this day, $223.81.

" 21. Frank Bradley has drawn for private use, $275.

" 21. Paid for advertising, $26.75.

" 22. Sold to A. W. Nilsen on his note @ 60 days, 94 yds. Wilton Carpet @ $1.57; 2 prs. Raw Silk Portières @ $28.50.

" 22. Accepted Hunter & Logan's draft on us @ 10 days favor of John Coster, for $500.

" 22. Sold Merchandise to Edward Lawson on %: 1 Damask Table-cloth @ $14; 12 Linen Towels @ 45c.; 12 Linen Handkerchiefs @ 50c.; 6 prs. Kid Gloves @ $1.75.

" 23. Nathan Wilder has prepaid his note of the 7th, face of note, $7500; discount, $11.25. Received net proceeds in Cash, $7488.75.

" 24. S. W. Hall has rendered account sale of goods shipped to him on the 14th, and remitted to us by check on Fourth National Bank, $1357.80.

" 24. Gave Adams & Elder our note @ 5 days to balance account, $3750.

Feb. 25. Sold Merchandise to S. C. Sherman on %, 52 yds. Body Brussels @ $1.17; 37 yds. Stair Carpet @ $1.17.

" 25. Paid clerks' salary, $85.

" 25. Total Cash sales, $2823.45.

Inventories: Merchandise, $16200; Store Fixtures, $1398.50; Horses and Wagons, $725. Net Gain, $574.12.

Trial Balance, Set H		*Dr.*		*Cr.*	
Walter Sprague,	Proprietor,	350		20019	83
Frank Bradley,	"	275		20019	83
Cash,		51671	58	25484	90
Bills Receivable,		9219	50	8828	13
Bills Payable,		5547	05	9797	05
Interest and Discount,		11	25		
Store Fixtures	(Inv. $1398.50),	1398	50		
Hunter & Logan,		2302	05	3658	45
Edgar Newman,		87	12		
Merchandise	($16,200 unsold),	28536	40	13480	57
S. C. Sherman,		398	03	270	00
Chas. Foster,		93	72	44	62
Expense	(Inv. $725),	1335	20		
Louis Allerton,		106	87	30	00
Robert Cornell,		282	07	100	00
Alexander Woodward,		168	54	75	00
Edward Lawson,		76	90		
Shipment to S. W. Hall,		1306	40	1357	80
		103166	18	103166	18

Set I

Commission and General Merchandise Business

Illustrating the Commission Sales-Book

Consignment or **Sales** is a ledger title used to represent goods which are received and sold for another. The person who receives or sells the goods is called the **consignee.** The one who consigns or ships the goods is the **consignor.**

To distinguish the different consignments or sales, the owner's name is used in connection with the sales; thus, "*Dixon's Sales*" or "*Craig & Co.'s Sales.*"

Rule for Journalizing Consignments or Sales

Debit the consignment or sales account for the freight or charges paid when the goods are received. Debit it also at closing for the amount of additional charges, plus the net proceeds. Credit the account for all sales.

A **Commission Sales-Book** is a record of goods received and sold on commission.

On the left-hand side of this book is an entry showing the kind and quantity of goods received, also the amount paid for freight and charges. On the right-hand side are entered the sales. When the goods are all sold, the additional charges, such as storage, commission, etc., and the net proceeds are entered on the left. (See form of Commission Sales-book, pages 208–209.)

Although the transactions might be posted directly to the ledger from this book, it is considered less perplexing to the beginner not to do so, but to post entirely from the journal.

An **Account Sales** is a statement rendered the consignor or person who shipped the goods, showing the amount of the sales, charges, and net proceeds. (See form of Account Sales, page 216.)

The consignor keeps an account of these goods under the title of "Shipments." (See page 210 for Transactions.)

Commission Sales-Book

Apples — CRAIG & CO.'S SALES.

DATE		BBLS.			L.F.	AMOUNT			
Sept.	3	240	Cash,	paid freight and cartage,		62	50		
"	12		Storage,			3	50		
"	12		Insurance,			2	50		
"	12		Commission,	2½ % on sales,		19	69	88	19
"	12		Craig & Co.:	Net proceeds,				699	31
								787	50

Potatoes — WM. YOUNG'S SALES.

		BBLS.							
Sept.	5	300	Cash,	paid freight and cartage,		57	80		
"	20		Storage,			4	25		
"	20		Insurance,			2	75		
"	20		Commission,	2½ % on sales,		17	33	82	13
"	20		Wm. Young:	Net proceeds,				610	87
								693	00

Onions — GORDON & WHITE'S SALES.

		BBLS.							
Sept.	8	100	Cash,			26	70		
"	25		Storage,			3	25		
"	25		Insurance,			2	25		
"	25		Commission,			14	11	46	31
"	25		Gordon & White:	Net proceeds,				518	19
								564	50

Commission Sales-Book

Apples — CRAIG & CO.'S SALES.

DATE		BBLS.			L.P.	AMOUNT			
Sept.	4	50	Cash, Sold Thos. Fuller	@ $3.25,		162	50		
"	5	70	Walter Abbott on %,	@ 3.30,		231	00		
"	9	80	J. D. Harbison on %,	@ 3.30,		264	00		
"	11	40	Cash, Sold Thos. Fuller	@ 3.25,		130	00	787	50
								787	50

Potatoes — WM. YOUNG'S SALES.

		BBLS.							
Sept.	10	60	Walter Abbott on %,	@ $2.25,		135	00		
"	18	120	Bills Receivable, Daniel Dean's note @ 5 days,	@ 2.35,		282	00		
"	19	120	Cash, Sold A. M. Davis	@ 2.30,		276	00	693	00
								693	00

Onions — GORDON & WHITE'S SALES.

		BBLS.							
Sept.	16	30	W. L. Banks on %,	@ $5.50,		165	00		
"	22	50	J. D. Harbison on %,	@ 5.75,		287	50		
"	24	20	Cash, Sold R. A. Fletcher	@ 5.60,		112	00	564	50
								564	50

Transactions for Set I

Sept. 1. Began the general Merchandise and Commission business with a cash capital of $ 8500.

" 1. Rented store No. 48 Front Street and paid rent for September, $ 150.

" 2. Bought Merchandise of W. H. Thompson & Co. on %, $ 3840.

" 2. Paid carpenter for repairs, $ 10.50.

" 3. Received of Craig & Co., Buffalo, per N. Y. Cent. R. R., to be sold on their account, 240 bbls. Apples. Paid freight and cartage on same per check, $ 62.50. (Debit "Craig and Co.'s Sales" for $ 62.50.)

" 3. Paid for insurance on goods in store $ 58.

" 4. Sold Thos. Fuller, for Cash, 50 bbls. Apples @ $ 3.25. (Credit Craig & Co.'s Sales.)

" 4. Sold W. L. Banks on %, 12 tubs Elgin Creamery Butter, 600 lbs. @ 28c. (Credit Merchandise.)

" 5. Received of Wm. Young, Elmira, N.Y., per Erie R. R., 300 bbls. Potatoes, to be sold on his account. Paid freight and cartage on same, $ 57.80.

" 5. Sold Walter Abbott on %, 70 bbls. Apples @ $ 3.30. (Craig & Co.'s Sales.)

" 6. Total Cash sales of Merchandise, $ 637.95.

" 8. Received of Gordon & White, Goshen, N.Y., per Erie R. R., 100 bbls. White Onions, to be sold on their account. Paid freight and cartage on same, $ 26.70.

" 8. Gave W. H. Thompson & Co. on %, our check for $ 800.

" 9. Sold J. D. Harbison on %, 80 bbls. Apples @ $ 3.30. (Craig & Co.'s Sales.)

" 9. Received of W. L. Banks Cash on %, $ 120.

" 10. Sold Walter Abbott on %, 60 bbls. Potatoes @ $ 2.25. (Wm. Young's Sales.)

" 10. Accepted W. H. Thompson & Co.'s draft on us @ 5 days for balance of their account, $ 3040.

Sept. 11. Sold Thos. Fuller for Cash, 40 bbls. Apples @ $3.25. (Craig & Co.'s Sales.)

" 12. Remitted Craig & Co. check for balance of their account, $699.31.

" 12. Closed Craig & Co.'s Sales and rendered their Account Sales: Charges for Storage, $3.50; Insurance, $2.50; Commission, 2½% on sales, $19.69. Craig & Co.'s net proceeds, $699.31. (Credit Storage, Insurance, Commission, and Craig & Co. for their net proceeds. Debit Craig & Co.'s Sales for a sum equal to the total credits. See form of Account Sales, page 216.)

" 13. Total Cash sales of Merchandise, $682.55.

" 15. Paid by check our acceptance of the 10th, being W. H. Thompson & Co.'s draft on us @ 5 days, $3040.

" 15. Received of Walter Abbott on %, his check on Union Bank for $250.

" 16. Sold to W. L. Banks on %, 30 bbls. White Onions @ $5.50 (Gordon & White's Sales); also 10 tubs Creamery Butter, 500 lbs. @ 27c. (Merchandise.)

" 17. Bought Merchandise per invoice of W. H. Thompson & Co. on %, $2745.20.

" 17. Paid for Coal, 2 tons @ $5.75, for use in store.

" 18. Sold to Daniel Dean on his note @ 5 days, 120 bbls. Potatoes @ $2.35. (Wm. Young's Sales.)

" 19. Sold J. D. Harbison on %, 5 cases Eggs, 255 doz. @ 22c.; also 5 tubs Creamery Butter, 250 lbs. @ 27c. (Merchandise.)

" 19. Sold A. N. Davis for Cash, 120 bbls. Potatoes @ $2.30. (Wm. Young's Sales.)

" 20. Closed Wm. Young's Sales and rendered him Account Sales: Charges for Storage, $4.25; Insurance, $2.75; Commission, 2½% on sales, $17.33. Wm. Young's net proceeds, $610.87.

" 20. Total Cash sales of Merchandise, $912.85.

" 22. Sold to J. D. Harbison on %, 50 bbls. Onions @ $5.75. (Gordon & White's Sales.)

" 22. Paid W. H. Thompson & Co. Cash on %, $2150.

" 23. Received Cash of Daniel Dean in payment of his note due this day, $282.

Sept. 24. W. L. Banks has given us his note @ 10 days, indorsed by Abel Fisher, for balance of his account, $ 348.

" 24. Sold R. A. Fletcher for Cash, 20 bbls. Onions @ $ 5.60. (Gordon & White's Sales.)

" 25. Closed Gordon & White's Sales and rendered Account Sales: Charges for Storage, $ 3.25; Insurance, $ 2.25; Commission, 2½% on sales, $ 14.11. Gordon & White's net proceeds, $ 518.19.

" 25. Remitted to Wm. Young check for balance of his account.

" 26. Gordon & White have drawn on us @ 5 days for balance of account due them from their sales. Accepted same, $ 518.19.

" 27. Paid for services, $ 80.

" 27. Total Cash sales of Merchandise, $ 1235.70.

Inventories: Merchandise, $ 3120; Insurance prepaid, $ 53.
Net Gain, $ 243.08.

Trial Balance, Set I		*Dr.*		*Cr.*	
Proprietor,				8500	00
Cash,		13301	55	7757	18
Merchandise	($ 3120 unsold),	6585	20	3895	65
Expense,		252	00		
W. H. Thompson & Co.,		5990	00	6585	20
Walter Abbott,		366	00	250	00
J. D. Harbison,		675	10		
Bills Payable,		3040	00	3558	19
Bills Receivable,		630	00	282	00
Storage,				11	00
Insurance	($ 53 prepaid),	58	00	7	50
Commission,				51	13
		30897	85	30897	85

SET J

Commission Business (Continued)

Oct. 1. Continued business from the preceding month.

" 1. Received from C. W. Dixon, Batavia, N.Y., per West Shore R. R., 200 bbls. Baldwin Apples, to be sold on his account. Paid freight and cartage per check on Columbia Bank, $38.40.

" 1. Paid to Gordon & White, per check, our acceptance due this day, $518.19.

" 2. Sold to James D. Lusk on %, 5 tubs Fancy Creamery Butter, 250 lbs. @ 29c.; also 3 cases Eggs, 147 doz. @ 24c. (Merchandise.)

" 2. Paid store rent for October per check, $150.

" 3. Sold to James Hicks for Cash, 60 bbls. Apples @ $3.50. (C. W. Dixon's Sales.)

" 3. Received of S. B. Miller, Jacksonville, Fla., per steamer Clyde, 100 boxes Oranges, to be sold on his account. Paid freight on same, $47.50.

" 4. W. S. Banks has given us his check in payment of his note due this day, $348.

" 4. Gave W. H. Thompson & Co. our note @ 5 days for balance of his account, $595.20.

" 4. Total Cash sales of Merchandise, $1175.65.

" 6. Received of J. R. Corbin, Burlington, N.J., to be sold on his account, 50 bbls. Cranberries. Paid freight on same, $21.60.

" 6. Sold to Walter Abbott on %, 40 bbls. Apples @ $3.40 (Dixon's Sales); also 30 boxes Oranges @ $2.55. (S. R. Miller's Sales.)

" 7. Bought Merchandise per invoice of W. H. Thompson & Co. on %, $2745.80.

" 7. Sold to D. W. McCready for Cash, 70 bbls. Apples @ $3.35 (Dixon's Sales); also 10 bbls. Cranberries @ $12.25. (J. R. Corbin's Sales.)

" 8. Paid for advertising, $17.75.

" 8. Received of J. D. Harbison his note @ 7 days to balance his account.

Oct. 9. Paid per check my note to W. H. Thompson & Co. due this day.

" 10. Received of Andrews & Co., Sag Harbor, L.I., per L. I. R. R., 150 bbls. Potatoes, to be sold on their account. Paid freight on same, $ 22.

" 10. Sold Robert Porter on %, 30 bbls. Apples @ $ 3.45 (C. W. Dixon's Sales); also 6 tubs, 300 lbs., Fancy Creamery Butter @ 29c. (Merchandise.)

" 11. Received of James D. Lusk on %, $ 50.

" 11. Total Cash sales of Merchandise, $ 1094.35.

" 13. Closed C. W. Dixon's Sales and rendered him an Account Sales: Charges for Storage, $ 4.20; Insurance, $ 3.00; Commission, $ 17.10. C. W. Dixon's net proceeds, $ 621.30.

" 13. Sold to Robert Porter on %, 40 bbls. Potatoes @ $ 2.40 (Andrews & Co.'s Sales); also 30 boxes Oranges @ $ 2.60. (S. R. Miller's Sales.) Received in payment Cash, $ 70; balance on %.

" 14. Remitted to C. W. Dixon, per check, balance due on his sales.

" 14. Accepted W. H. Thompson & Co.'s draft on us @ 20 days, favor of A. G. Evans, for $ 1850.

" 15. Paid clerk's salary, $ 30.

" 15. Received of J. D. Harbison his check on Union Bank in payment of his note due this day, $ 675.10.

" 16. Sold to L. N. Ruggles for Cash, 40 boxes Oranges @ $ 2.50. (S. R. Miller's Sales.)

" 17. Closed S. R. Miller's Sales and rendered Account Sales: Charges for Storage, $ 5.25; Insurance, $ 3.50; Commission, 3% on sales, $ 7.64. S. R. Miller's net proceeds, ——— ?

" 18. Sold to W. S. Goodwin for Cash, 15 bbls. Cranberries @ $ 12.50. (Corbin's Sales.)

" 18. Total Cash sales of Merchandise, $ 1205.

" 20. S. B. Miller has drawn his sight draft on us for balance due on his sales. Paid same per check.

" 20. Sold to James Blackwell on %, 12 bbls. Cranberries @ $ 12.75 (Corbin's Sales); also 50 bbls. Potatoes @ $ 2.45. (Andrews & Co.'s Sales.)

Oct. 21. Have drawn on Robert Porter @ 5 days for balance of his account, and remitted same to W. H. Thompson & Co. to apply to their account.

" 22. Prepaid our acceptance of the 14th, being W. H. Thompson & Co.'s draft at 20 days. Paid net proceeds per check, ——— ?

" 22. Sold James D. Lusk on %, 13 bbls. Cranberries @ $12.60 (Corbin's Sales); also 6 tubs Fancy Creamery Butter, 300 lbs. @ 28c. (Merchandise.)

" 23. Closed J. R. Corbin's Sales and rendered Account Sales: Charges for Storage, $5; Insurance, $2.75; Commission, 2½% on sales, $15.67. J. R. Corbin's net proceeds, ——— ?

" 24. Sold to Chas. Russell for Cash, 20 bbls. Potatoes @ $2.50. (Andrews & Co.'s Sales.)

" 24. Received of James Blackwell on %, $100.

" 25. Gave J. R. Corbin our note @ 5 days to balance his account.

" 25. Paid clerk hire, $15.

" 25. Total Cash sales of Merchandise, $1257.60.

Inventories: Merchandise, $950; Insurance, prepaid, $48.
Net Loss, $54.36. (Andrews & Co.'s Sales represents a liability.)

Trial Balance, Set J		*Dr.*		*Cr.*	
Proprietor,				8743	08
Cash,		12428	27	4117	55
Merchandise	($950 unsold),	5865	80	5011	38
Bills Payable,		2963	39	3545	17
Walter Abbott,		328	50		
W. H. Thompson & Co.,		2739	70	3341	00
James Lusk,		355	58	50	00
James Blackwell,		275	50	100	00
Expense,		212	75		
Storage,				14	45
Insurance	($48 prepaid),	53	00	9	25
Commission,				40	41
Andrews & Co.'s Sales,		22	00	268	50
Interest and Discount,				3	70
		25244	49	25244	49

Account Sales of 240 bbls. Apples sold on % and risk of CRAIG & CO.

Sept.	4	Sold Thos. Fuller for Cash, 50 bbls. @ $3.25,	162	50		
"	5	" Walter Abbott on %, 70 bbls. @ 3.30,	231	00		
"	9	" J. D. Harbison on %, 80 bbls. @ 3.30,	264	00		
"	11	" Thos. Fuller for Cash, 40 bbls. @ 3.25,	130	00	787	50
		Charges				
Sept.	3	Freight,	62	50		
"	12	Storage,	3	50		
"	12	Insurance,	2	50		
"	12	Commission, 2½ %,	19	69	88	19
"	12	Craig & Co.'s net proceeds,			699	31

Set K

Wholesale Dry-Goods Business

A journal, cash-book, and sales-book are used in this set as books of original entry. A petty cash-book is also used for small expenses not entered in the general cash-book. The invoices of all purchases, after they are examined and checked, should be pasted in a book kept for the purpose, and thus save the labor of copying.

The **Sales-Book** is arranged to show two classes of sales, viz. the charge sales, or sales on %, and the C. O. D. sales. The convenience of this arrangement will be seen at a glance. The total sales of the day or week may be posted to the credit of Merchandise in one entry. The proper personal account is then debited for each amount entered in the "charge" column, and the Delivery Department is debited for the total of the "C. O. D." column. This produces equal

debits and credits in the ledger, and shortens the labor of posting. When the Delivery Department collects the money and turns it over to the firm, "Delivery Department" is then credited.

At the end of the day, or the week, the Cash sales may be entered as totals in the cash-book, and from this carried to the ledger.

In almost every large business two sets of sales-books are required, each set consisting of three books, one for charge sales, one for C. O. D. sales, and another for Cash sales. The purpose of keeping two sets is to enable the book-keeper to post from one set while the other is being used for the sales. The present set is intended to illustrate the advantage of keeping separate columns, or separate books, for the different kinds of sales.

Price List

Dress Goods	Price
Henriettas,	.98[1]
Crepons,	1.35
Cheviot Serge,	.79
Novelties,	1.12[2]
Cashmere Imperial,	.62[3]
Ginghams	
Stratfords,	.06[1]
Fancy Weaves,	.08[2]
Birminghams,	.06[3]
Silks	
Colored Taffeta, qual. 8,	.52
Black Surah,	.58[2]
Colored Bengaline,	.97
Black Moire,	1.75
Colored Stripes,	.47[2]

Prints	Price
Foulards,	.05[1]
Percales,	.04[3]
Sateens,	.05[3]
Indigoes,	.04[2]
Laces	
Chantillys,	3.75
Valenciennes,	2.95
Bourdons,	1.98
Velvets	
Black Silk Velvet,	8.50
Colored Silk Velvet,	5.35
Brown Sheetings	
Atlantic A,	.06
Cohasset,	.12[2]
Pembroke,	.08[1]

Journal

L.P.	*March* 2, 189–		*Dr.*		*Cr.*	
	Cash,	per C. B.,				
	Merchandise,	per I. B.,	14713	50		
	Furniture,	per Invoice,	543	50		
	Lord & Taylor,	due on %,	750	20		
	Simpson, Crawford & Simpson,	due on %,	420	75		
	B. Altman & Co.,	due on %,	515	25		
	H. Batterman,	due on %,	365	50		
	A. D. Matthews & Sons,		204	60		
	To Wm. H. Graef & Co.,	due on %,			870	40
	Wm. Schroeder & Co.,	due on %,			562	75
	Bills Payable,	note to Hardy & Co.,			1220	50
	Henry Van Buren,	capital,			14859	65
		1				
	Cash per C.B.,	Certificate of Deposit,				
	Western Union Telegraph Stock,	50 shares @ 88½,	4425	00		
	Bills Receivable,	J. H. Parker's note due Mar. 12,	2750	00		
	To James D. Field,	capital,			7175	00
		1				
	Merchandise,		1143	50		
	Dunham & Buckley,	bought on % per I. B.,			1143	50
		6				
	Wm. Schroeder & Co.,		562	75		
	Bills Payable,				562	75
		Accepted their draft @ 30 ds. for bal. of %.				

Special-Column Sales-Book

March 2, 189–

L.P.			Charge Sales		C. O. D. Sales	
	B. Altman & Co.,	On %.				
	4 ps. Chantillys, 14^2, 17^1, 12^8, 10 = 54^2 yds. @ $3.75,	$204.38				
	5 ps. Bourdons, 15^1, 8^3, 10^1, 14^2, 17^2 = 66^1 yds. @ $1.98,	131.18				
	9 ps. Cold. Taffetas, qual. 8, 37, 20^2, 24^1, 30^1, 27^3, 29^1, 32^1, 34^2, 46 = 281^3 yds. @ 52c.,	146.51	482	07		
	2					
	Delivery Department,	C. O. D.				
	Abel Fisher & Co.,					
	7 ps. Foulards, 27^1, 30^2, 32, 40^1, 35^3, 33, 29 = 227^3 yds. @ 5^1c.,	$11.96				
	3 ps. Pembrokes, 40^1, 41^2, 40^3 = 122^2 yds. @ 8^1c.,	10.11			22	07
	4					
	Lord & Taylor,	On %.				
	5 ps. Crepons, 40^2, 37^1, 42^1, 39^2, 35 = 194^2 yds. @ $1.35,	$262.58				
	8 ps. Atlantic A, 40^1, 42^2, 37^2, 40^3, 41, 39^1, 39^3, 41 = 322 yds. @ 6c.,	19.32				
	24 ps. Stratfords, 20^3, 37, 27^1, 29, 33, 40^1, 39^2, 39^1, 41, 24^1, 31, 41^3, 51^1, 53, 47, 26^2, 25^1, 52^1, 57, 34^2, 43^1, 49, 55, 36^1 = 934^1 yds. @ 6^1c.,	58.39	340	29		
	5					
	Delivery Department,	C. O. D.				
	Barber & Bates,					
	9 ps. Cohassets, 52^1, 47^3, 49, 51^2, 42^1, 41, 55, 53^1, 43^3 = 435^3 yds. @ 12^2c.,	$54.47				
	3 ps. Fancy Weaves, 32^1, 39^3, 47^1 = 119^1 yds. @ 8^2c.,	10.14			64	61
	6					
	James McCreery & Co.,	On %.				
	20 ps. Indigoes, 37, 39^1, 37^3, 40^1, 41, 35^3, 40^2, 38, 42^1, 44, 50^1, 49, 47^2, 51, 53, 47^1, 33, 45^1, 52^3, 41 = 865^3 yds. @ 4^2c.,	$38.96				
	6 ps. Blk. Surah, 40^3, 53, 47^2, 49^1, 46^1, 51 = 287^3 yds. @ 58^2c.,	168.33	207	29		
			1029	65	86	68
			86	68		
			1116	33		

Transactions for Set K

A partnership has this day been formed, per articles of agreement, between Henry Van Buren and James D. Field for the purpose of carrying on the Wholesale Dry-Goods business, formerly conducted by Henry Van Buren. Henry Van Buren is to share three-fifths, and James D. Field two-fifths of the gain or loss. The name of the firm is Van Buren & Field. The building occupied by the firm is owned by Henry Van Buren, as private property, and he is to receive an annual rental of $4200, payable in equal monthly payments.

Mar. 1. Henry Van Buren invests Cash, $1450; Merchandise, $14713.50; Furniture, $543.50; and accounts against Lord & Taylor for $750.20; Simpson, Crawford & Simpson for $420.75; B. Altman & Co. for $515.25; H. Batterman for $365.50; and A. D. Matthews & Sons for $204.60.

His liabilities are accounts due Wm. H. Graef & Co. for $870.40; Wm. Schroeder & Co. for $562.75; and a note to Hardy & Co. for $1220.50, dated Feb. 23, @ 15 days, and indorsed by Charles Tyler.

" 1. James D. Field invests a Certificate of Deposit in East River Bank for $5000; Western Union Telegraph Stock, 50 shares @ 88½; and J. H. Parker's note for $2750, indorsed by D. W. Sherman, dated Feb. 10, payable in 30 days at Chemical Bank.

" 1. We have opened an account with the Central Bank, and deposited all the Cash on hand, including the Certificate of Deposit on East River Bank invested by James D. Field. No separate bank account will be kept in ledger. Cash in bank is considered Cash on hand.

" 1. Insured the goods in stock at the rate of 1% in the following companies: Globe Ins. Co., $8000; Home Ins. Co., $7000; Nassau Ins. Co., $5000. Paid premium per check.

" 1. Bought of Dunham & Buckley on %, Merchandise per invoice, $1143.50.

Mar. 2. Sold B. Altman & Co. on %, 4 ps. Chantillys, 14^2, 17^1, 12^3, 10; 5 ps. Bourdons, 15^1, 8^3, 10^1, 14^2, 17^2; 9 ps. Colored Taffetas, qual. 8, 37, 20^2, 24^1, 30^1, 27^3, 29^1, 32^1, 34^2, 46.

" 2. Sold Abel Fisher & Co., C. O. D., 7 ps. Foulards, 27^1, 30^2, 32, 40^1, 35^3, 33, 29; 3 ps. Pembroke, 40^1, 41^2, 40^3.

" 3. Drew check for petty expenses, P. C. B., $25. (The Petty Cash-Book will explain the petty expenditures.)

" 3. Received of Lord & Taylor on %, their check for $200, which we have deposited.

" 3. Paid Wm. H. Graef & Co. per check, in full of %.

" 4. Sold Lord & Taylor on %, 5 ps. Crepons, 40^2, 37^1, 42^1, 39^2, 35; 8 ps. Atlantic A, 40^1, 42^2, 37^2, 40^3, 41, 39^1, 39^3, 41; 24 ps. Stratfords, 20^3, 37, 27^1, 29, 33, 40^1, 39^2, 39^1, 41, 24^1, 31, 41^3, 51^1, 53, 47, 26^2, 25^1, 52^1, 57, 34^2, 43^1, 49, 55, 36^1.

" 4. Bought Office Furniture of Willard & Co. Paid for same by check, $137.50.

" 5. Sold Barber & Bates, C. O. D., 9 ps. Cohassets, 52^1, 47^3, 49, 51^2, 42^1, 41, 55, 53^1, 43^3; 3 ps. Fancy Weaves, 32^1, 39^3, 47^1.

" 5. Bought for Cash of Fleitmann & Co. Merchandise per I. B., $622.50.

" 5. Drew our sight draft on A. D. Matthews & Sons for balance of their account, $204.60, and deposited same in Central Bank.

" 6. Sold James McCreery & Co. on %, 20 ps. Indigoes, 37, 39^1, 37^3, 40^1, 41, 35^3, 40^2, 38, 42^1, 44, 50^1, 49, 47^2, 51, 53, 47^1, 33, 45^1, 52^3, 41; 6 ps. Black Surah, 40^3, 53, 47^2, 49^1, 46^1, 51.

" 6. Accepted Wm. Schroeder & Co.'s draft on us at 3 days' sight for balance of account.

" 6. Cash sales of Merchandise, $1246.50.

Second Week

Mar. 8. Sold Brown, Thompson & Co. on %, 7 ps. Sateens, 27^1, 34^3, 37^1, 42^1, 47, 51^2, 46^3; 5 ps. Cheviot Serge, 42^2, 47^2, 35^1, 39^3, 49^1; 6 ps. Novelties, 37^3, 39^1, 42^3, 36^2, 49^1, 52^3.

Mar. 8. Lord & Taylor have this day accepted our draft on them at 10 days' sight for $850. We have had the same discounted, and net proceeds entered to our credit in Central Bank.

" 8. Delivery Department has collected from C. O. D. sales $86.68.

" 9. Sold James Lock & Son, C. O. D., 6 ps. Birminghams, 47^2, 52^1, 49^2, 43^2, 47^3, 59^1; 5 ps. Atlantic A, 51^1, 49^3, 47^2, 53, 50^1; 7 ps. Pembrokes, 47^3, 49^1, 43^2, 51, 55^3, 40^1, 41.

" 9. Paid by check our acceptance of the 6th, being Wm. Schroeder & Co.'s draft at 3 days' sight for $562.75.

" 9. Entered into a contract with the Chronicle Co. for one-fourth page of advertisement for three months, $300.

" 10. Paid per check Henry Van Buren's note to Hardy & Co., due to-day, $1220.50.

" 10. Bought of Wm. H. Graef & Co. on %, Merchandise per I. B., $530.70.

" 10. Sold for Cash, 25 shares Western Union Telegraph Stock @ 89.

" 11. Sold Arnold Constable & Co. on %, 10 ps. Cashmere Imperial, 58^1, 60^3, 67^1, 57^1, 51, 49^3, 45^3, 64^2, 38^1, 42^3; 18 ps. Percales, 60^1, 59^2, 57, 49^1, 63^1, 62^3, 70^2, 67^2, 53^3, 44^1, 42^3, 53^2, 64^1, 61^2, 54^2, 51^3, 43^2, 41^3; 3 ps. Colored Stripes, 51^3, 47^3, 32^1; 2 ps. Chantillys, 15^2, 20^1.

" 11. Paid the Chronicle Co. per check for three months' advertisement, per contract on the 9th, $300.

" 12. Sold Brown & Hamilton, C. O. D., 2 ps. Colored Bengalines, 56^2, 40^1; 3 ps. Colored Taffetas, qual. 8, 39^1, 42^3, 34.

" 12. Drew on B. Altman & Co. at 3 days' sight, favor of Dunham, Buckley & Co., $515.25.

" 13. Sold Frederick Loeser & Co. on %, 5 ps. Crepons, 40^1, 57, 53, 49^3, 42^1; 2 ps. Black Silk Velvet, 20^3, 35^2; 14 ps. Foulards, 51^2, 65, 49^3, 44^1, 47^3, 59, 62, 67^2, 61^3, 49^2, 55, 57, 50^1, 48^2.

" 13. Received of H. Batterman, in full of %, his sight draft on Hardy & Co. for $365.50.

Mar. 13. Drew check for pay-roll, $285.

" 13. Received for Cash sales, $1580.60.

Third Week

Mar. 15. Sold Price & Morgan on %, 7 ps. Crepons, 52^1, 39^2, 37, 50^2, 67^1, 62^3, 65^1; 15 ps. Indigoes, 60^1, 62^3, 39^1, 44^1, 47, 40^2, 37^3, 35^1, 31^2, 62^1, 67^1, 61^2, 50^3, 55^3, 59^1; 13 ps. Atlantic A, 59, 56^1, 50^1, 41^2, 67^3, 65^3, 60^2, 69^1, 51, 40^2, 43, 45^3, 46^1; 11 ps. Sateens, 40^3, 47^2, 41^2, 38^1, 39^2, 50^3, 57, 59^1, 51, 43^2, 46^2.

" 15. Delivery Department has collected from C. O. D. sales, $154.17.

" 15. Bought of Wm. Schroeder & Co. on %, Merchandise per I. B., $1082.90.

" 16. Delivery Department being unable to collect from James Lock & Son, for goods sold on the 9th, have returned the goods and received credit for same, $62.44.

" 16. Sold James McCreery & Co. on %, 3 ps. Colored Silk Velvet, 30^2, 39^1, 50^3; 6 ps. Valenciennes, 22^1, 27, 30^3, 23^2, 25^1, 34^3; 14 ps. Fancy Weaves, 60^2, 48^1, 44^3, 47^1, 50^2, 49, 40^1, 61^3, 67^2, 59, 53^2, 42^1, 51^2, 55^1.

" 16. Drew check for petty expenses, P. C. B., $20.

" 17. Received of J. H. Parker in payment of his note of $2750 due the 12th, a new note at 10 days with interest from date for $1500, indorsed by Geo. Lobeck, and Cash for balance, including interest on old note from the 12th to the 17th.

" 17. Sold Barber & Bates, C. O. D., 2 ps. Bourdons, 18^3, 19^1; 3 ps. Chantillys, 12^2, 17, 20^3.

" 17. Bought Merchandise of James Lyons per I. B., $327.50. Gave in payment our sight draft on Simpson, Crawford & Simpson, $327.50.

" 18. Paid for printing and advertising, $34.50.

" 18. Loaned to A. J. Foster $3000 @ 5 %, and received his note payable on demand, indorsed by Young & Smith.

" 18. Sold Abel Fisher & Co., C. O. D., 7 ps. Percales, 49^2, 41^2, 52^1, 48^3, 42^3, 59^1, 57; 3 ps. Black Surah, 42^3, 60^3, 63^1.

Mar. 19. Accepted Wm. Schroeder & Co.'s draft on us @ 5 days, in favor of Henry N. Palmer, for $525.

" 19. Sold Arnold, Constable & Co. on %, 8 ps. Colored Stripes, 32^2, 37, 29^3, 40^2, 43^1, 39^3, 33^2, 38^2; 4 ps. Crepons, 47^3, 52^3, 57^1, 60^3; 6 ps. Novelties, 53^2, 50^3, 47^1, 49, 43, 51^2; 9 ps. Cohassets, 60^1, 62^3, 51, 57^2, 52, 40^2, 47^3, 53^1, 59^3.

" 20. Brown, Thompson & Co. have this day accepted our draft on them in our favor, at 5 days' sight, for the balance of their account.

" 20. Sold Brown & Hamilton, C. O. D., 5 ps. Cashmere Imperial, 57^1, 42^1, 45^3, 51^3, 59^2; 8 ps. Black Moire, 39^1, 35^3, 42^3, 36^2, 31, 52^1, 57^3, 41.

" 20. Received for Cash sales, $1720.35.

Fourth Week

Mar. 22. Sold Brown, Thompson & Co. on %, 9 ps. Henriettas, 67^1, 59^3, 54^3, 60^2, 49^1, 46^2, 57, 53^1, 68; 16 ps. Fancy Weaves, 57^2, 53^2, 50^3, 69^1, 65^3, 42^1, 54^2, 55, 67^2, 66^3, 72^1, 70^2, 51^3, 58^3, 48, 44^3; 10 ps. Cohassets, 40^1, 47^3, 43^1, 49^2, 52^3, 51, 44^2, 42^1, 45^3, 48; 20 ps. Indigoes, 72, 79^3, 76^3, 55^2, 59^1, 67^1, 66^3, 61^2, 70^1, 69^1, 60^3, 62^1, 54^2, 57; 51, 50^3, 49^3, 43^2, 44^2, 42^1.

" 22. Price & Morgan having failed, we have agreed to settle on a basis of 60 %, and have received that amount in Cash.

" 22. Drew check for petty expenses, P. C. B., $35.

" 23. Sold Allen & Reed, C. O. D., 3 ps. Valenciennes, 10^3, 17^3, 19^1; 12 ps. Colored Stripes, 42^1, 37^3, 39^1, 47^1, 50^3, 52^3, 57^2, 48^1, 68^3, 55, 49^3, 40^2; 16 ps. Birminghams, 58^1, 49^3, 47^3, 59^1, 60^3, 62^1, 61^2, 67^2, 57^2, 59^3, 52, 40^1, 55^3, 60^2, 41, 53^3.

" 23. Delivery Department has collected from C. O. D. sales, $1127.29.

" 23. Arnold, Constable & Co. have accepted our draft on them at 5 days' sight in our favor, for $775.

" 24. Paid per check our acceptance of the 19th, being Wm. Schroeder & Co.'s draft for $525.

Mar. 24. James McCreery & Co. have paid us by check on Union Bank, $1000, which we have deposited.

" 24. Sold A. D. Matthews & Sons on %, 2 ps. Black Silk Velvet, 60^{3}, 65^{3}; 15 ps. Stratfords, 50^{1}, 69^{3}, 65^{2}, 61^{2}, 49^{3}, 43^{2}, 60^{1}, 42^{1}, 47, 59, 57^{1}, 51^{3}, 62^{3}, 67, 40; 21 ps. Atlantic A, 60^{2}, 69^{2}, 41^{3}, 49, 45^{2}, 61^{3}, 67^{1}, 40^{1}, 47, 42^{3}, 46^{3}, 66^{2}, 64^{1}, 63, 43^{1}, 48^{2}, 70, 72, 71^{3}, 76^{3}, 77^{2}.

" 24. Bought Merchandise of Wm. H. Graef & Co. on %, $690.

" 25. Sold Frederick Loeser & Co. on %, 6 ps. Cheviot Serge, 60^{2}, 71, 75^{2}, 69^{3}, 64^{1}, 72^{1}; 11 ps. Colored Taffetas, qual. 8, 47, 59^{2}, 52^{1}, 48^{3}, 46^{3}, 41^{2}, 62, 71, 69^{2}, 49^{3}, 40^{2}.

" 25. Received from Brown, Thompson & Co. a draft on New York in payment of their acceptance of the 20th, due to-day.

" 25. Sold Simpson, Crawford & Simpson on %, 4 ps. Colored Bengaline, 27^{2}, 42^{3}, 45^{3}, 36^{1}; 12 ps. Foulards, 42^{1}, 47^{3}, 57^{3}, 43^{1}, 60, 69^{1}, 65, 49^{3}, 55^{2}, 41^{2}, 40^{3}, 51^{3}; 2 ps. Colored Silk Velvet, 18^{3}, 12^{2}.

" 26. Received from Insurance Companies $575 for loss sustained by fire.

" 26. Sold James Lock & Son, C. O. D., 7 ps. Black Surah, 47^{2}, 39^{3}, 38^{1}, 60^{2}, 61, 67^{3}, 44^{1}; 18 ps. Pembrokes, 62^{1}, 79^{3}, 52^{1}, 53, 49, 40^{2}, 41^{3}, 61, 66^{3}, 69, 43^{2}, 41^{2}, 44^{1}, 34^{1}, 33^{2}, 55^{3}, 57, 42^{3}.

" 27. J. H. Parker has paid his note of the 17th with interest for 10 days.

" 27. Sold J. C. Woodbridge, C. O. D., 3 ps. Black Moire, 20^{2}, 32^{3}, 47^{1}; 4 ps. Fancy Weaves, 42^{3}, 47^{2}, 60^{3}, 51.

" 27. Drew Cash for pay-roll, $290.

" 27. Gave Dunham & Buckley our note at 10 days in settlement of their account.

" 27. Paid Henry Van Buren, per check, rent for March, $350.

" 27. The unexpended money charged to petty cash-book is $16.75.

Inventories: Merchandise, $6122.55; Furniture, $650.00; Western Union Telegraph Stock, $2237.50; Insurance, prepaid, $166.67; Advertising, prepaid, $200.00; Interest on A. J. Foster's note, $3.75.

Trial Balance, Set K		*Dr.*		*Cr.*	
Henry Van Buren (Proprietor),				16309	65
James D. Field (Proprietor),				12175	00
Expense,	($866.67 prepaid),	1539	50	16	75
Dunham & Buckley,		1143	50	1143	50
Bills Payable,		2308	25	2936	50
Bills Receivable,		8501	28	4726	28
Western Union Telegraph Stock,	($2237.50 Inv.),	4425	00	2225	00
James McCreery,		1396	46	1000	00
Delivery Department,		2391	09	1430	58
Furniture,	($650 Inv.),	681	00		
B. Altman & Co.,		997	32	515	25
A. D. Matthews & Sons,		1405	10	204	60
Wm. H. Graef & Co.,		870	40	2091	10
Wm. Schroeder & Co.,		1087	75	1645	65
Cash,		23144	53	10223	98
Merchandise,	($6122.55 Inv.),	19173	04	15951	58
Lord & Taylor,		1090	49	1050	00
Simpson, Crawford & Simpson,		768	41	327	50
Brown, Thompson & Co.,		1174	32	476	28
Arnold, Constable & Co.,		1407	70	775	00
Frederick Loeser & Co.,		1478	02		
Interest and Discount,	($3.75 accrued),	1	42	4	79
Loss and Gain,		244	41		
		75228	99	75228	99

Results

Net Gain,	$1514.22
Henry Van Buren, Net Capital at beginning,	$16309.65
Henry Van Buren, ⅗ Net Gain,	908.53
Henry Van Buren, Present Worth,	$17218.18
James D. Fields, Net Capital at beginning,	$12175.00
James D. Fields, ⅖ Net Gain,	605.69
James D. Fields, Present Worth,	$12780.69

Exercises in Journalizing

1

1. Sold Merchandise for Cash, $520.
2. Sold Merchandise on note @ 10 days, $450.
3. Bought Merchandise of H. C. Worth for Cash, $145.
4. Bought Merchandise of Geo. W. Hall on %, $215.
5. Sold to Geo. Henderson, Merchandise, $780. Received Cash for one-half, and balance charged to his account.
6. Sold to Nelson & White, Merchandise, $990. Received Cash one-third, note @ 30 days for one-third, and balance on %.
7. Bought of Joseph Harrigan, Merchandise, $618. Paid Cash, $118; gave note @ 5 days for $200; balance on %.
8. Received of Nelson & White Cash on %, $150.
9. Paid my note in favor of Chas. Brown, $700.
10. Received of Edward Bailey $265, in payment of his note due this day.

2

1. Have drawn a sight draft on Wm. Jones for $137.50, in favor of Geo. Smith.
2. Paid in goods from store Ralph Stevens' order on us for $32, in favor of Philip Dwyer.
3. Gave R. C. Miller my note @ 60 days in settlement of account, $750.
4. James Daniels has drawn a draft on us @ 5 days' sight for $420, which we have accepted.
5. Received of S. R. Walker in settlement of his account his note @ 30 days for $500, indorsed by Thos. Long.
6. Received of A. J. Collins in settlement of his account, Cash, $260, and his draft on E. F. Tyler @ 6 days' sight for $140, which has been accepted.
7. Gave L. C. Fuller on %, Cash, $100, and draft on D. H. Morgan @ 20 days' sight for $175.
8. Exchanged notes with J. N. Wright for $400.
9. Received of Henry Preston on %, his sight draft on Robert Emerson for $328.
10. Accepted J. C. Gray's draft on us @ 30 days' sight for $1000, in favor of H. Hibbard & Co.

3

1. Prepaid my note to R. C. Miller for $750; discount for 35 days @ 6 %, ——; net proceeds, ——.

2. Received of Cyrus Ludlow in settlement of his account, Cash, $27.50; his sight draft on Amos Gunther for $60, and his note @ 30 days for $312.50.

3. The First National Bank has discounted for us Cyrus Ludlow's note for $312.50; discount for 59 days @ 6 %, ——; net proceeds received from bank, ——.

4. Paid Jasper Graham in full of account by giving him Cash, $37.80; a draft on Frank Woodworth @ 5 days' sight for $65, and our note @ 30 days for $125.

5. Louis Friedman owes us $432.50, which he pays by indorsing to us J. B. Howell's note for $295, and Cash for the balance, including discount on Howell's note for 60 days @ 6 %.

6. G. H. Moeller pays his note of $524, and interest on same, $27.50, by giving us Merchandise valued at $425, and Cash for balance.

4

1. Chas. Lyman began business with the following resources and liabilities: Resources, — Cash, $140; Real Estate, $3200; Merchandise, $1250; Wm. Clifford owes him on a note, $250; S. T. Barnard owes him on %, $117. Liabilities, — He owes D. C. Andrews on a note, $375. Journalize in two ways, first with one entry, and afterwards with two entries.

2. John D. Crane and D. F. Cummings enter into partnership. Crane invests Cash, $570; Merchandise, $5150; accounts due from the following persons: W. B. Evans, $186; C. S. Gregory, $78.50. Cummings invests Real Estate, $8000; Cash, $340. The firm assumed to pay for him a note due Allen Lloyd for $2500.

3. John D. Crane, a partner in the above transaction, makes an additional investment of Cash, $350.

4. D. F. Cummings, the other partner, draws for private use, $175.

5. Alfred Beck, James Turner, and H. G. Brandon are partners. Beck invests Cash, $725; a note signed by A. C. Hall, indorsed by Frederick Walsh, for $895, on which interest has accumulated amounting to $37.50; and Merchandise valued at $1347. James Turner invests Cash, $260; Real Estate, $2000.

The firm assumes to pay for him a note due P. H. Burns of $400, and accumulated interest on same to date, $16.40. H. D. Brandon invests Bank Stock, $3250. The firm assumes to pay for him an account due Robert Bissell of $1000. Journalize in two ways.

5

1. Our stock of Merchandise, valued at $8400, has been consumed by fire. The Globe Insurance Company has paid us the amount insured by them, $6000; the balance is a total loss.

2. The First National Bank, in which I own 5 shares of stock ($100 per share), has failed, and I have paid in Cash an assessment equal to the par value of the stock I own.

3. Paid Andrew Jones in full of % by giving him a draft on Amos Smith @ 10 days' sight for $135, which Smith has accepted. Make journal entry for your own books, also for Jones' and Smith's books.

4. Borrowed Cash, $300, and gave my note for $300, with interest @ 6 %.

5. Paid in Cash the above note and interest, $318.

6. A note which we hold for $850 has accumulated interest amounting to $87. The maker pays the interest and issues a new note for one year in lieu of the old one, the new note including interest to the time of maturity.

7. Received of Chas. Casey, to be sold on his account, 450 bbls. Flour, invoiced @ $5.50 per bbl. Paid freight and cartage on same, $17.50.

Exercises in Statements

Trial Balance, I	*Dr.*	*Cr.*
Proprietor,	200 00	4500 00
Cash,	8220 00	2625 00
Merchandise,	3975 00	4720 00
Expense,	175 00	
Henry Wilson,	250 00	975 00
J. H. Raymond,	740 00	740 00
Geo. C. Adams & Co.,		1000 00
Miller & White,	1460 00	460 00
	15020 00	15020 00

Trial Balance, II		*Dr.*		*Cr.*	
Proprietor,		260	00	3000	00
Cash,		6605	50	5783	75
E. F. Cooper,		1500	00	450	00
Chas. A. Davis,		800	00	800	00
Expense,		268	75		
Merchandise	($1400 unsold),	5955	00	4925	50
Bills Receivable,		1490	00	670	00
Bills Payable,		2580	00	4080	00
Harris & Gray,		500	00	250	00
		19959	25	19959	25

Trial Balance, III		*Dr.*		*Cr.*	
Edward Dean,				15741	95
Cash,		10452	60	3619	25
Merchandise	($4750.25 unsold),	9317	50	4602	40
Bills Receivable,		4958	75	1000	00
Bills Payable,		1610	00	2110	00
Wm. Allen,		434	50	125	00
Herman Decker,		390	00	390	00
Chas. A. Wingate,		937	00	500	00
Robert Patterson,		1500	00	2250	00
Mason & Dixon,		2000	00	2000	00
Expense	($650, Horses and Wagons),	884	25		
C. B. Henderson,		476	50		
H. C. Dobson & Co.,				467	50
Shipment to King & Miller,		1325	00	1480	00
		34286	10	34286	10

Trial Balance, IV		*Dr.*		*Cr.*	
Philip Bruce	(Proprietor),			8640	60
Merchandise	($ 7312.50 unsold),	10638	35	3700	75
Expense	(Inventory: Horses and Wagons,				
	$ 850; Safe, $ 225),	1207	35		
Cash,		1893	25	1439	80
Bell & Graham,		1164	00	400	00
Long & Willis,		800	00	1670	00
Robert C. Dayton,		814	50	502	50
H. G. Gray & Co.,		596	00	835	90
Alfred Tripp,		323	60	150	00
Bills Payable,		800	00	1400	00
Bills Receivable,		502	50		
Wm. Howard,		596	00	596	00
		19335	55	19335	55

Trial Balance, V		*Dr.*		*Cr.*	
Philip Bruce	(Proprietor),	150	00	8883	15
David Whitney	(Proprietor),	175	00	5000	00
Merchandise	($ 8515 unsold),	10646	80	2628	00
Cash,		8843	39	3521	86
Expense	(Inventory: Horses and Wagons,				
	$ 825; Safe and Furniture, $ 265),	1428	55		
Bills Receivable,		1496	50	1266	50
Bills Payable,		2389	90	2839	90
Robert C. Dayton,		430	00	430	00
Alfred Tripp,		517	60	300	00
Long & Willis,		979	00	2254	60
H. G. Gray & Co.,		239	90	477	10
Bell & Graham,		929	00	764	00
J. B. Sanford,		374	00	229	00
Interest and Discount,		3	56	9	09
		28603	20	28603	20

SPECIAL FORMS

A Three-Column Sales-Book

March 2, 189–		Charges Sale	C. O. D. Sales	Cash Sales
Geo. W. Clark,	On %.			
1 Oak Extension Table,	$22.00			
6 Dining Chairs @ $3.00,	18.00			
40 yds. Brussels Carpet @ 90c.,	36.00	76 00		
3				
Frank Gardner,	Cash.			
1 Mahogany Cabinet,	$48.00			
1 Brass Easel,	9.75			57 75
4				
Delivery Department,	C. O. D.			
Henry Gibson,				
1 Chiffonier,	$29.00			
1 Sideboard,	48.50		77 50	
5				
Edward Bowman,	On %.			
1 Cherry Bookcase,	$45.25			
1 Cherry Desk,	32.00			
1 Hall Stand,	25.00			
1 Hanging Rack,	4.50	106 75		
6				
Delivery Department,	C. O. D.			
S. C. Verner,				
57 yds. Moquet Carpet @ $1.25,	$71.25			
18 yds. Linoleum @ 85c.,	15.30		86 55	
8				
Geo. F. Shields,	Cash.			
1 Parlor Suit,				155 00
9				
Albert Davis,	On %.			
2 Arm-chairs @ $12.50,	$25.00			
1 Rocker,	10.50	35 50		
		218 25	164 05	212 75
		164 05		
		212 75		
		595 05		

A Six-Column Journal

New York, June 1

Mdse.	Cash	Sundries		Sundries	Cash	Mdse.
	821 75		Cash			
1400 00			Merchandise			
		820 00	Bills Receivable			
		1050 00	E. F. Cooper			
		250 00	Harris & Gray			
			Bills Payable	1500 00		
			Proprietor	2841 75		
			2			
3200 00			Merchandise			
			Bills Payable	3200 00		
			3			
		175 00	Expense			
			Cash		175 00	
			4			
	1200 00		Cash			
			Merchandise			1200 00
			5			
		26 50	Expense			
			Cash		26 50	
			7			
1000 00			Merchandise			
			Long & Willis	1000 00		

New York, June 8

Mdse.		Cash		Sundries			Sundries		Cash		Mdse.	
		1800	00			Cash						
				700	00	Bills Receivable						
						Merchandise					2500	00
						10						
295	50					Merchandise						
						Cash			295	50		
						12						
				500	00	Long & Willis						
						E. F. Cooper	500	00				
						14						
				672	35	Harris & Gray						
						Merchandise					672	35
						15						
				3200	00	Bills Payable						
						Cash			3189	33		
						Discount	10	67				
5895	50	3821	75	7393	85		9052	42	3686	33	4372	35
				3821	75		3686	33				
				5895	50		4372	35				
				17111	10		17111	10				

VOCABULARY

Abatement. — A discount or rebate allowed on the payment of a debt.

Acceptance. — The act of accepting a draft by writing across its face "Accepted," the date, and the acceptor's name. A draft which has been accepted.

Accommodation Paper. — A note or acceptance without consideration made by one person for the accommodation of another, to enable him to obtain money or value from a third party.

Account. — A systematic record of debits and credits arranged under a title showing a definite result.

Account Current. — A running or continuous account; a detailed statement of the debits and credits of a running account.

Account Sales. — An itemized statement sent by a commission merchant to his principal, showing the sales, expenses, and net proceeds.

Adventure. — A shipment of goods to be sold on account and risk of the shipper.

Agent. — One who is authorized to act for another.

Assets. — Resources; the entire property belonging to a person.

Assignee. — The person to whom is transferred the property of an insolvent debtor.

Assignment. — The transfer of an insolvent's property to the assignee.

Auditor. — A person authorized to audit or examine accounts.

Balance. — The difference between the debit and credit sides of an account.

Balance of Trade. — The difference in value between the exports and imports of any country.

Balance Sheet. — A formal statement showing the condition of the business.

Bank-Book. — A small book given to the depositor, in which are entered his deposits and the amounts drawn out.

Bank Bill. — A printed promissory note issued by a bank and payable on demand; money.

Bankrupt. — One who is unable to pay his debts; an insolvent.

Bill. — An itemized statement of goods sold or services rendered.

Bill of Exchange. — An order drawn on a person in a foreign country requesting the payment of money.

Bill of Lading. — A receipt given by a transportation company for goods received, and an agreement to deliver the same at a specified place.

Bonded Goods. — Imported goods stored in a bonded warehouse till the duties are paid.

Broker. — A person employed to transact business for another; an agent; one who buys and sells stocks for another.

Capital. — Money or property of any kind invested in business.

Certificate. — A written statement attesting some fact, as a certificate of stock; a certificate of deposit.

Certified Check. — A check which a bank has certified to be good and agrees to pay.

Check. — A depositor's written order on a bank for the payment of money.

Clearing House. — A place where banks and banking institutions adjust and settle their accounts with each other.

Collateral. — Any kind of property pledged to secure the payment of a loan, or other debt.

Commercial Paper. — Any kind of negotiable paper, — notes, drafts, and checks.

Commission. — The percentage charged by an agent for the sale or purchase of goods; a verbal or written order by which one is authorized to transact business for another.

Consignee. — The person to whom goods are sent or consigned.

Consignment. — Goods sent or consigned to an agent to be sold on account of the consignor.

Consignor. — The person who sends or consigns the goods.

Consul. — A government agent residing in a foreign seaport appointed to guard the commercial interest of his own country.

Contra. — Against; an opposite or counter entry.

Co-partnership. — A partnership.

Coupon. — A certificate of interest attached to a bond and designed to be cut off when the interest becomes due.

Creditor. — One who has given credit; one from whom value has been received.

Days of Grace. — The days (usually three) which immediately follow the day specified for the payment of a note or draft; days

allowed to the debtor in which to make payment. In many states days of grace are abolished.

Debtor. — A person in debt; one who has received something of value without paying for it.

Defalcation. — Abatement; deducting a part; embezzlement of money.

Deposit. — Money placed in a bank; part payment of goods purchased.

Discount. — An allowance made for payment of a debt before it is due; the sum deducted from a bill or debt.

Dishonor. — To refuse to accept a draft, or to fail to pay a written obligation at maturity.

Draft. — A written order for the payment of a specified sum of money.

Drawee. — The person who is requested to pay the draft.

Drawer. — The person who draws the draft and requests payment to be made.

Due Bill. — A written acknowledgment of a debt, which is made payable in either money or property.

Earnest. — Money or property advanced to bind the parties to the performance of a verbal contract.

Embezzlement. — The fraudulent appropriation of money or property entrusted to one's care.

Exchange. — A method of making payment between merchants at distant places by the use of drafts or bills of exchange; the premium or discount arising from the purchase or sale of a bill of exchange.

Firm. — The name or title under which two or more partners transact business; a commercial house.

Fixtures. — That which is fixed or attached to the store or dwelling, and which the tenant may not carry away, such as gas fixtures, partitions, etc.

Folio. — The page in any book of account.

Footing. — The amount or sum of a column of figures; adding a column of figures.

Good Will. — The trade and reputation pertaining to an established business.

Guaranty. — A promise to answer for the debt or default of another; indemnity against loss.

Indorse or **Endorse.** — To write one's name across the back of a note, draft, or commercial paper, in order to transfer it or secure its payment.

Indorsee. — The person to whom commercial paper has been indorsed.

Indorser. — The person who indorses, or writes his name across the back of a note, draft, or check.

Infant. — A minor; one under the age of twenty-one years.

Insolvent. — One who is not able to pay all or any of his debts.

Installment. — A part payment of a debt, or a part yet to be paid.

Interest. — A sum of money paid for the use of money.

Inventory. — An itemized list of articles with their estimated value.

Invoice. — A detailed account of goods bought, sold, or shipped.

Invoice-Book. — A book in which invoices are entered or filed.

Jobber. — One who buys from importers or manufacturers, and sells to retail dealers.

Journal. — A book employed to show specially the debits and credits of business transactions.

Lease. — A contract for the use or occupancy of a store, dwelling, or other real estate, for a certain time. When the lease is for more than a year, it should be in writing to be valid.

Ledger. — The book of final entry, in which the debits and credits are systematically arranged.

Letter of Credit. — A letter from one banking house to another authorizing the payment of a specified sum of money to the person named in the letter; used chiefly by travelers.

Liabilities. — The debts of a person or firm.

Manifest. — A description or invoice of a ship's cargo.

Merchandise. — Any kind of goods bought or sold by merchants.

Monopoly. — The exclusive privilege of making or selling some article; the sole right of the traffic in anything.

Mortgage. — A written contract in which either personal property or real estate is pledged for the payment of money, or the performance of a contract.

Negotiable Paper. — Commercial paper, such as notes and drafts which may be transferred by indorsement and delivery.

Net Proceeds. — The net amount due after deducting all charges and expenses.

Notary Public. — A public officer empowered to acknowledge deeds and other writings, and to protest commercial paper for non-acceptance, or non-payment.

Open Account. — A running account in contradistinction to one that is closed or settled.

Order-Book. — A book in which orders are entered for goods to be manufactured, or delivered, or work to be done; a book of original entry.

Par. — Equal in value to that expressed on the face of the paper; nominal or original value.

Partnership. — An agreement between two or more persons to combine their money, property, or labor in some enterprise, and to share in the resulting profit or loss.

Pass-Book. — A book in which a trader enters articles sold on credit, and then passes it back to the purchaser.

Payee. — The person to whom a note or draft is made payable; any one to whom payment is to be made.

Personal Property. — Property of every kind except real estate and fixtures.

Power of Attorney. — A written instrument which empowers one person to act for another.

Principal. — The person for whom an agent acts; the sum on which interest is computed.

Promissory Note. — A written promise to pay a specified sum of money, at a certain time, to a person, to his order, or to bearer.

Protest. — A formal notice by a notary public to an indorser of a note or draft, or to a drawer of a draft, informing him that he is responsible for the payment of the paper.

Quotations. — The published current prices of commodities.

Real Estate. — Fixed or immovable property, such as houses and lands.

Rebate. — A deduction from the fixed price.

Remittance. — The money or funds transmitted from one place to another.

Resources. — Money; funds; claims against others, and property of every description; assets.

Shipment. — Goods shipped to an agent to be sold on account of the shipper.

Statement. — An exhibit of resources, liabilities, gains, and

losses; a transcript of the debits and credits of a person's account, showing the balance due.

Stock. — The entire value of goods on hand according to an inventory; the title used as a substitute for the proprietor's name.

Syndicate. — An association of capitalists formed for the purpose of carrying out some financial or industrial project.

Tariff. — A schedule of prices; a system of duties imposed on goods imported.

Teller. — An officer in a bank who receives or pays out money.

Trade Discount. — A discount from the list price allowed by the wholesale dealer to his customers.

Trial Balance. — An exhibit of all the accounts in the ledger, to ascertain if the total debits equal or balance the total credits.

Underwriter. — An insurer, especially one who insures a vessel or cargo.

Usury. — Interest in excess of the legal rate.

Void. — Having no force or effect in law; null.

Voucher. — A receipt, entry, or writing of any kind which proves that some transaction has occurred, such as the payment of money.

Wares. — Merchandise; a particular class of goods.

Warranty. — An agreement to become responsible for the representations made relating to the subject of the contract.

Way Bill. — A list and description of goods transported by a railroad.

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